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# *Montana's Property Taxes:*

# *Assessment and Classification*

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# MONTANA'S PROPERTY TAXES:
# ASSESSMENT AND CLASSIFICATION

A REPORT TO THE

FORTY-FIFTH LEGISLATURE

Subcommittee on Taxation

December 1976

Membership
Subcommittee on Taxation

| | |
|---|---|
| Senator Robert D. Watt<br>Chairman | Rep. W. Jay Fabrega,<br>Vice-Chairman |
| Senator Larry Aber** | Rep. Harrison Fagg |
| Senator William L. Mathers | Rep. Melvin Williams |
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APPENDIX E -- Bill II -- A Bill for an Act Entitled: "An act to clarify the property tax system by generally revising and recodifying sections relating to property classification and taxation and by establishing market value as the basis of taxation, except for certain cases, and adjusting the taxable percentage accordingly; to rearrange and consolidate classes; and to lower tax rates for nonagricultural land and improvements, amending 84-401 and repealing 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, and 84-308, R.C.M. 1947

I

# SUMMARY OF RECOMMENDATIONS

The Subcommittee on Taxation recommends that the 1977 Montana Legislature:

(1) enact a bill for an act to clarify the property tax system by generally revising and recodifying sections relating to property classification and taxation and by establishing market value as the basis of taxation, except for certain cases, and adjusting the taxable percentage accordingly;

or

(2) enact a bill for an act to clarify the property tax system by generally revising and recodifying sections relating to property classification and taxation and by establishing market value as the basis of taxation, except for certain cases, and adjusting the taxable percentage accordingly; to rearrange and consolidate classes; and to lower tax rates for nonagricultural lands and improvements.

## II

## INTRODUCTION AND SUBCOMMITTEE DELIBERATIONS

At the close of the 1975 session, the House Taxation Committee forwarded a resolution to the Committee on Priorities calling for a study of "the tax classification system presently used by the department of revenue, including administrative rulings, for the purpose of determining whether or not the existing classifications are equitable." The Committee on Priorities assigned this study to the Subcommittee on Taxation.

In its preliminary survey of the tax classification system, the Subcommittee on Taxation determined that, since assessment establishes the value to which the taxable percentage of a given class is applied in determining the taxable value of property, a close consideration of the method of assessment is crucial to any discussion of property tax. The Subcommittee, therefore, gathered extensive information on assessment levels and calculated the effective tax rates for most types of property in the state. This data is included in Tables I through III and discussed in the following report. The Subcommittee regarded this step as a necessary preliminary to determining whether the classification system is, in fact, equitable. At the June 11 meeting, the Subcommittee unanimously approved Bill I, which sets in statute these effective tax rates. The bill does not change the tax rate for any class of property; it merely assures that both the assessment level and tax rate appear in statute. The attached Bill I, if passed, would make clear the relative tax burdens borne by different types of property and allow future legislators to evaluate these burdens, confident that they were knowledgeable of and controlled both assessment and tax rates.

Having established the effective tax rates for all property, the Subcommittee then unanimously approved* a second bill (Bill II) to establish more logical and easily understood rates of taxation. This bill includes the basic revision contained in Bill I -- setting back the assessment level and the tax rate in statute -- as well as lowering the tax rate of residential and industrial property, shifting its tax burden slightly to other types of property.

Because the Subcommittee determined that the revision and clarification of the property tax system is vital, it recommends both Bill I and Bill II to the Forty-fifth Legislature. In the Subcommittee's judgment, passage of Bill II would enact this clarification and more understandable tax rates. If, however, Bill II does not meet the Legislature's approval, the Subcommittee strongly recommends passage of Bill I to enact the much needed clarification without changes in the effective tax rates.

*Senator Aber did not vote on the measure, as he was not present.

In its research and discussion, the Subcommittee used certain words and phrases many times. Since these words are important in understanding the Subcommittee's findings and recommendations, they are defined as follows:

ad valorem.....based on value

appraised value.....as now used by Montana taxing officials, the value assigned to property as a first step in the taxing process. This term is redefined in the attached bill as synonymous with assessed value.

assessed value.....as now used by Montana taxing officials, the percent of appraised value to which the classification percentage is applied to determine taxable value. This term is redefined in the attached bill as 100% of market value or, for classes eleven through fourteen, 100% of net proceeds, gross proceeds (after the deduction of allowable expenses) or of the productive capacity of agricultural land.

classified property tax.....the taxation of property by its segregation into groups or types and the application to these various classes of different rates of taxation.

effective tax rate.....the actual rate of taxation, determined by multiplying assessment value established by Department of Revenue rules by the tax rate specified in Section 84-302, R.C.M. 1947.

fractional assessment.....fixing the value of property at less than full value; fixing the assessed value at some fraction of market value.

loan value.....the amount a banker would readily lend on a piece of property; also called the "low book value" of cars, , and some other types of property. The Department of Revenue currently uses the loan value as the assessed value for most property.

taxable value.....the value determined by multiplying the assessed value by the tax rate. Mill levies are applied to this value to compute the actual taxes due.

tax rate.....the percentage of tax applied to each class of property by Section 84-302, R.C.M. 1947.[1]

The Subcommittee and staff researcher would like to thank Property Assessment Division personnel for their assistance in gathering data for this study.

## III

## BACKGROUND AND HISTORY

Assessment and classification of property for property taxation have been problems for the Montana legislature since 1864, when the first territorial legislature authorized a levy of four mills on the assessed value of taxable property.

Although "taxable property" under the 1864 statute included almost all property except mining claims, the amount of tax revenue produced was not as great as the pioneer legislators had hoped. Governor Smith reported to the second legislative assembly that less than 30% of the total property tax due had been collected. Three counties--Meagher, Beaverhead, and Chouteau--collected no property taxes at all, and other counties taxed at "ridiculously low" assessments, far below the market value of property.

In the 1867, 1869, and 1872 assemblies, the territorial legislature attempted to improve collections by changing the assessment date and lowering the mill levy to two mills on the dollar, but underassessment continued. The territorial auditor reported in 1887 that county assessors listed only 173 pieces of jewelry and silverware in all of Montana, 11,080 board feet of lumber in Missoula County (although one sawmill alone was reputed to cut over 20,000 feet a year), and the gross receipts of quartz mills in the entire state at less than one-third the revenue derived from quartz production in the city of Butte alone.[2]

Early legislators quickly learned a perennial truth of property taxation: the gap between assessed value and market value widens each year instead of narrowing. Despite the fact that statutes required all property to be assessed and taxed at "full cash value," a system of fractional assessments, or assessment at some percentage of full value, reigned. In 1880 the federal government computed that Montana had a ratio of 64.7% of assessed value to market value; in 1917, a Montana tax commission showed that the ratio had dropped below 50% for almost all property and as low as 18% for some types.[3]

Underassessment of property was not a problem unique to Montana. The 1880 federal report showing Montana's assessment ratio to be 64.7% found the national average to be 38.7%. Like twenty-seven other states and territories of the late 19th century, Montana had a general property tax system which taxed all property equally, without regard to the ability of each specific type of property to produce income. The general property tax system has been called "thoroughly American" because it attempted to translate the ideal of "frontier democracy" into monetary terms by making all property-holders bear proportional shares in the cost of government. Legislators discovered, however, that the general property tax

system was undermined by a human rather than American trait: the desire to avoid taxes by any means.[4] In the Montana of 1880, personal property--usually easily concealed--constituted 27.9% of the total valuation of the state; by 1918, its contribution had shrunk to 12.6%, despite the proliferation of stocks, bonds, moneys, and credits in Montana's maturing economy. Real property came to bear an increasingly heavy part of the tax burden, and as a result, county assessors were pressured into lowering assessments for real property in an effort to ease the pain of disproportionate taxation. Assessments fell farther and farther from "full cash value" each year. By 1917, when a concerned legislature appointed a Tax and License Commission to study the problem, the following rates of assessment were prevailing:

| | |
|---|---|
| land | 30% of full value |
| cattle | 45% of full value |
| sheep | 40% of full value |
| horses and mules | 52% of full value |
| hogs | 18% of full value |

The only types of property assessed at the statutory level were the net proceeds of mines and the moneys belonging to widows and orphans, which were revealed by court records.[5]

These rates, Commission members learned, were set in an annual meeting of county assessors who, in the words of the Commission, "resolved themselves into a sort of legislative assembly and proceeded to fix the values at which different species of property shall be assessed." This extralegal "legislature"--not provided for or recognized by statute--did not, however, have the force necessary to control its members during the intervening year: the counties vied among themselves for the most "competitive" assessments. The Commission found in 1918 that assessments in different counties for first class grain land ranged from $5.21 to $47.29 per acre, first class hay land from $10 to $26.62 per acre, work horses from $49 to $75.65, and dairy cows from $33.92 to $100.

The Commission concluded from its study that "the principle that all property, irrespective of its kind, should be taxed at the same rate, was erroneous in principle, vicious in practice, and utterly impossible of enforcement." Citing the recent abandonment of the general property tax system by Minnesota, North Dakota, Oregon, and Kentucky, the Commission recommended that Montana adopt a classified property tax system.[6]

Classified property tax systems segregate property into groups or types and apply different tax rates to each. The Commission

endorsed classification in the belief that property producing the smallest income should bear the lowest rate of taxation. It did not, however, research deeply into the income-producing capabilities of property. Rather, Commission members appear to have averaged the existing tax rate for a type of property and recommended that it be set in statute. The Commission's aim was to be "fair" and "do no injustice to any class." It regarded its recommendations as a "few practical changes which could form the basis of a system which can be perfected later on by investigations and recommendations of [the State Board of Equalization]."

The Commission proposed seven classes of property, taxed at rates varying from 7% to 100% of "true and full value." The rates of taxation and--to some extent--the classes of property are the same as those existing today. The Commission and the 16th Legislature assumed, in supporting and enacting the classified property tax system, that the basis against which the varying tax rates would be applied was "full cash value," as statute required.[7]

The classification system did not, however, end fractional assessment by closing the gap between market value and assessed value. County assessors still assessed at less than full cash value and taxed at the lower rates contained in the new classification system. The newly-created State Board of Equalization then lowered assessment levels in counties where assessments were nearer the statutory level in an effort to make taxes equitable.

The result was a constantly diminishing total taxable value in each county. Between 1925 and 1970, for example, county assessors' records showed that the taxable value of agricultural land in Montana dropped 27%.[8]

Taxing districts were forced to levy ever-increasing mills to raise sufficient revenue from this diminishing base. Types of property which were assessed at nearer the statutory level naturally bore more of this burden. This fractional assessment did not necessarily parallel the classification system established by the legislature. Thus, county assessors and the State Board of Equalization, rather than the legislature, continued to control the assessment levels and, thereby, the effective rate of taxation.

Although recent legislatures have changed many aspects of Montana's property tax system, the legacy of seventy-five years of fractional assessment remains today. Upon its creation in 1973, the Department of Revenue adopted the rules of the State Board of Equalization and the practices established by county assessors.[9] At present, all property is assessed by Department of Revenue regulations at values ranging from 25% to 100% of full cash value, as Table II illustrates. These

varying percentages, applied against different types of property within each class, have obscured the statutory 11-step classification system and created 22 different rates of taxation. Table III, on pages 23 to 25 shows this *de facto* 22-step classification system and illustrates that it bears little resemblance to the statutory 11-step system. Some property within the same class, which is supposed to be taxed at the same rate, is taxed at rates 54% higher than other property in the same class. Property in different classes, on the other hand, is sometimes taxed at the same rate, although Section 84-302, R.C.M. 1947, requires its taxation at markedly different rates.[10]

The dangers of Montana's extralegal fractional assessment have long been recognized. In 1954, the State Board of Equalization noted that the classification law:

> is necessarily anchored to the full cash value provisions of section 84-401, and when we deliberately cut loose from that anchor we began to drift. The administration of the law has so deteriorated over the years that we now have . . . a classification law within a classification law.

In 1960, the Montana Supreme Court stated that assessors are forced to maintain a "legal fiction of full valuation in the face of contrary facts." The 1963 Special Committee on Classification and Appraisal commented on the "make believe" and "pretense" of retaining statutes requiring assessment at full value and called the system whereby assessment ratios were set outside the legislature "entirely unacceptable." The Montana Fiscal Affairs Study in 1970 noted that the system of fractional assessment makes "it difficult for a taxpayer to comprehend the operations of the property tax." Witnesses testifying before the 1972 hearing of the Subcommittee on Intergovernmental Relations on Montana's property taxes declared that "by not assessing all classes of property at its true and full value or the same percentage thereof--if a percentage is used--we have and are destroying the design and effect of the classification law. . . ."[11]

The only recognition in Montana statutes of the intermediary step of fractional assessment in determining property taxes is Section 84-401(1), passed by the 1975 legislature. This amendment stipulates that all real property and improvements (with the exception of agricultural lands and mining claims) must be assessed at 40% of full cash value. This was an attempt to codify and unify various counties' assessment practices, which had by 1975 reduced actual assessments of real estate from a low of 12.5% of market value in Judith Basin County to a high of 32.5% in Powell County.[12]

To date, the legislature has still not set the assessment ratios for personal property. Therefore, Department of Revenue regulations continue to control the percentage of full value taxed on this type of property.

## IV

## ASSESSMENT--PRACTICES AND PROBLEMS

Title 84 of the codes establishes three steps for determining the tax paid on a specific piece of property: (1) assessing the "full cash value" of the property; (2) multiplying that value by the tax rate for the property set by Section 84-302; and (3) multiplying that value by the authorized mill levy. The Department of Revenue actually completes four steps:

(1) The market or full cash value of the property is determined. This is called the appraised value.

(2) This value is multiplied by the level of assessment set by department regulation. The resulting value is called the assessed value.

(3) The assessed value is multiplied by the tax rates established in Section 84-302. This third step produces the taxable value of the property.

(4) Lastly, the taxable value is multiplied by the authorized mill levy to determine the actual tax paid.

The second step, established by department regulations but not by statute (except for real property by the 1975 amendment to 84-401), results from Montana's history of fractional assessment and from the Department of Revenue's interpretation of "full cash value." Section 84-401 requires that all property must be assessed at its "full cash value" and Section 84-101 establishes "full cash value" as "the amount at which the property would be taken in payment of a just debt from a solvent creditor." The Montana Supreme Court has defined "full cash value" as:

> the price which property could command in the market. By value, in common parlance, is meant market value, which is no other than the fair value of property as between one desiring to purchase and another desiring to sell.[13]

The Department of Revenue, however, interprets "full cash value" to be loan value, for most types of property. Loan value is the average amount a banker would readily lend on a piece of property. Loan value is usually considered to be 40% to 60% of market value.

The most common listing of loan value is the "low book value" in national guides to used car and truck prices.

TABLE I

BASIS OF VALUATION FOR DIFFERENT TYPES OF PROPERTY

| I<br>Loan Value or<br>Wholesale Value | II<br>Sale or Current<br>Market Price | III<br>Original Cost<br>Less Depreciation | IV<br>Other |
|---|---|---|---|
| Aircraft | 40% of - Billboards | 40% of - Manufacturing & Mining Equipment | Timber & Timberland |
| Small Grains | 40% of - Livestock | 60% of - Merchandise | Agricultural Lands |
| Tractors & Farm Equipment | 60% of - Oil field machine | Farm Irrigation Sprinklers | Net Proceeds of Mines |
| Automobiles | 40% of - Retail service stations | Office Fixtures & Furniture | Patented Mining Claims |
| Boats and Motors | 40% of - Wholesale oil stations | Long trucks & Commercial Trailers | Reserved Rights of Entry |
| Trailers & Campers | 40% of - Urban real property | 40% of - Bowling Alleys | Utilities |
| Snowmobiles<br>Motorcycles<br>Heavy Equipment<br>House Trailers | 40% of - Mobile homes | 40% of - Television Cable Systems | Moneyed Capital & Shares of Banks |

Sources: Montana Administrative Code, Chapter 22 and information from Department of Revenue.

Department of Revenue regulations establish the loan or low book value set by national guides as the basis of assessment for small grains, tractors and farm equipment, automobiles, boats and motors, trailers and campers, snowmobiles, and motorcycles. For property whose loan value is not ordinarily calculated, the department lowers the assessment to approximate loan value. Aircraft, for example, are assessed by department rule at 66-2/3% of the wholesale value, billboards at 40% of the full cost, livestock at 40% of the average sale price, and oil field machinery and supplies at 40% of the current market price.[14] Table I, listing the basis of assessment of all property subject to property tax, demonstrates that loan value or its approximation is the basis to which the statutory tax rates are applied. Appendix B discusses the methods of assessment used for each type of property.

The Department of Revenue has not arbitrarily selected loan value as the basis of assessment. Loan value may, in fact, be a valid interpretation of Section 84-101, which defines "full cash value" as "the amount at which the property would be taken in payment of a just debt due from a solvent debtor" because a necessity to sell and sell quickly is implied by the word "debt". Definitions of "market value" usually include a reasonable period of time for the sale to be completed and a willing buyer and seller.[15] Moreover, the 100-year tradition of fractional assessment forces the department to assess at less than market value. Taxpayers and government officials are accustomed to taxes based on fractional assessment. A decision to assess at the statutory level of 100% of full cash value and tax at the rates set in 84-302 would double or quadruple taxable value. Unless mill levies were strictly controlled, property taxes could rise sharply.

However, two significant problems arise through the use of loan value as the basis of assessment. The first is that the legislature does not control the effective tax rates for personal property. Loan value varies from 28% to 70% of market value for different types of property, as Table II illustrates. When legislators amend 84-301 to include a new type of property, they cannot be sure what the assessment rate will be and, thus, cannot know what the effective tax rate will be. Table III on page 31 shows that the varying assessments set by department regulations have completely obscured the differentials in taxation established in Section 84-302 by past legislatures. Secondly, the public often has difficulty in understanding how property tax is calculated, not knowing that assessments of their property pass through an extra step not mentioned in the statutes. The confusion and uncertainty caused by using a percentage of full value as the basis of assessment has, some critics say, hampered legislative decisions on the equity of the tax on different types of property.[16]

To end this confusion and restore control of property taxation to the legislature, the Subcommittee voted unanimously to set in statute both the assessment rate and the tax rate. This change appears in both Bill I and II. In order to avoid raising taxes by this change, the Subcommittee lowered the tax rates accordingly, as discussed on pages 21 and 35.

The Subcommittee established 100% of market value as the basis of assessment for all property, except in the cases noted below. The Subcommittee chose market value as the basis of assessment for two reasons:

(1) Market value is one of the few concepts of value with a concrete meaning, understood by all persons who buy and sell goods. Terms like "true and full value", "full and fair cash value", or "actual value" -- used as the statutory basis of assessment in other states -- do not have any intrinsic meaning and must be defined in terms of market value or some other term of general consensus.[17]

(2) Market value can be readily determined for most types of property. The Department of Revenue currently requires assessors to determine the market value of urban real property, mobile homes, livestock, and four other types of property before taking a percentage of this value for tax purposes. Other state agencies and local governments are required to determine market value for various kinds of property in paying for condemned land, establishing special improvement districts, issuing coal licenses, storing grain, and so on. Appendix III lists the statutes requiring the determination of market value. Significantly, another Montana tax is based entirely upon market value. Inheritance tax, for example, is imposed on the "fair market value of the property as of the date of the decedent's death". Fair market value is defined in MAC rules as

> the amount in terms of money which a property will bring as exposed for sale in the open market allowing the period of time typical for the particular type of property involved and under conditions where both parties to the transaction are under no undue compulsion to sell or to buy and are able, willing and reasonably well informed.

The MAC regulations also establish general methods for determining "fair market value".[18]

Changing to 100% of market value, under either Bill I or II, would pose relatively few problems for the Department of

Revenue. The national guides used by the Department of Revenue agents to assess the value of aircraft, heavy equipment, house trailers, tractors and farm equipment, automobiles, boats and motors, trailers and camper, snowmobiles, and motorcycles contain retail or market values as well as loan values. The full value contained in the department's depreciation and valuation schedules for television cable systems, bowling alleys, merchandise, and manufacturing machinery gives a value corresponding to market value. Utilities are also assessed at market value and a percentage of this value is used for property tax purposes. Property Assessment Division officials agree that new valuation schedules based on market value can be established for farm irrigation sprinklers, office fixtures and furniture, long trucks and commercial trailers, and all other property now valued on schedules drawn from loan value.[19] Unprocessed agricultural products, now assessed on the basis of U.S.D.A. loan value, could be assessed on the basis of market prices, as livestock values now are. In Tables IV and V, Chicago Board of Trade closing prices on January 2, 1975, were used as "market value" for 1975 assessments.

The Subcommittee recognized that some types of property are not easily assessed on the basis of market value. Therefore, the Subcommittee established 100% of the annual gross proceeds as the assessed value of underground coal mines and coal mines using the strip mining method and 100% of net proceeds minus allowable deductions as the basis of assessment for all other mines and mining claims. Moneyed capital and shares of banks continue, under both bills, to be assessed at 100% book value, less the expenses allowed by statute. The Subcommittee also exempted agricultural lands from the general assessment at market value; this type of real property is assessed at 100% of its productive capacity.

Thus, the assessment rate and the tax rate for all property would be set in statute and directly controlled by the legislature under either of the Subcommittee's proposals.

V

TAXATION

To insure that taxes do not rise if the level of assessment is raised to 100% of market value or the other values specified in the bill, the Subcommittee recommends lowering the tax rates set by statute to maintain the same effective rate of taxation.

Through extensive research of department regulations and empirical surveys, the Subcommittee determined the effective tax rate for each class and each type of property. Their findings are shown in Table II. This table demonstrates that under the present system, effective tax rates are not uniform within each class. In class two, for example, assessments vary from 40% to 80% of market value. The effective tax rates, thus, run from 8% to 16%. In class three, assessments range from 40% to 60% of market value and the effective tax rate from 13.3% to 20%.

In its first step, the Subcommittee determined the effective tax rate for each type of property, considered the range of rates within each class, and set one rate for the entire class. The new rates were established in Bill I as follows:

| Class | Value Set By 84-302 | Value Proposed by Subcommittee - Bill I |
|---|---|---|
| Class One | 100% | 100% |
| Class Two | 20% | 13% |
| Class Three | 33-1/3% | 13% |
| Class Four | 30% | 12% |
| Class Five | 7% | 4.2% |
| Class Six | 7%, 30% | 7%, 30% |
| Class Seven | 7% | 4.2% |
| Class Eight | 15% | 6% |
| Class Nine | 6%, 12%, 18%, 24%, 30% | 2.4%, 4.8%, 7.2%, 9.6%, 12% |

In order to allow for the different methods of assessing mining interests and agricultural lands, classes eleven through fourteen were created:

| | | |
|---|---|---|
| Class Ten (utilities) | 40% | 16% |
| Class Eleven (all mines except coal) | 100% | 100% |
| Class Twelve (underground coal mines) | 33-1/3% | 33-1/3% |
| Class Thirteen (coal strip mines) | 45% | 45% |
| Class Fourteen (agricultural land) | 30% | 12% |

Estimated Percent of Market Value Taxed for Each Type of Property Within Each Class Of Property

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 1 | | | |
| Net proceeds of mines including oil and gas wells but not coal mines | 100% of the net proceeds | 100% | 100%* |
| Class 2 | | | |
| Tractors and other large farm equipment | An avg. 53% of retail value | 20% | 10.6% |
| Small farm machinery | 70% of retail value | 20% | 14.0% |
| Truck campers and camping trailers | An avg. 66 2/3% of retail value | 20% | 13.3% |
| Construction machinery | An avg. 66% of retail value | 20% | 13.2% |
| Other machinery | An avg. 60% of retail value | 20% | 12% |
| Automobiles and trucks | An avg. 66 2/3% of retail value | 20% | 13.3% |

*May not be an accurate estimate of full cash value.

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 2 (cont.) | | | |
| Boats | An avg. 58% of retail value | 20% | 11.6% |
| Motorcycles | An avg. 55% of retail value | 20% | 11% |
| Snowmobiles | An avg. 66 2.3% of retail value | 20% | 13.3% |
| Aircraft | An avg. 55% of retail value | 20% | 11% |
| Oil field tools | 60% of current market price | 20% | 12% |
| Machinery, equipment and tools used in repair shops and other establishments | 60% of retail value | 20% | 12% |
| Farm irrigation sprinkler systems | 80% of current market value | 20% | 16% |
| Telephone communications to rural areas and small towns of 800 persons or less | 40% of appraised value if real property, if personal property the appropriate book value is computed | 20% | 8% |

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 3 | | | |
| Livestock, poultry and unprocessed products of both | 40% of avg. sale price of previous 12 months | 33 1/3% | 13.3% |
| Furniture and fixtures used in commercial activities including offices and hotels | 60% of current market value | 33 1/3% | 20% |
| Bowling alleys | 40% of current market value | 33 1/3% | 13.3% |
| Wholesale and retail oil service station equipment | 40% of current market value | 33 1/3% | 13.3% |
| Professional libraries | 60% of retail value | 33 1/3% | 20% |
| Gross proceeds of underground coal mines | 100% of full cash value | 33 1/3% | 33 1/3% |
| Class 4 | | | |
| Single family residential | An avg. 25% of full cash value | 30% | 7.5% |
| Multi-family residential | An avg. 25% of full cash value | 30% | 7.5% |

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 4 (cont.) | | | |
| Commercial non-vacant | An avg. 26.75% of full cash value | 30% | 8% |
| Commercial vacant | An avg. 28.65% of full cash value | 30% | 8.6% |
| Industrial land | If 40% of full cash value | 30% | 12%* |

Note: By law, all real property is supposed to be assessed at 40% of full cash value. However, sales ratio studies conducted by the Department of Revenue indicate that these properties are actually assessed at the average percentage of market value given above in the "assessed value" column.

| | | | |
|---|---|---|---|
| Manufacturing & mining machinery fixtures, and supplies | 40% of original installed cost | 30% | 12% |
| Oil drilling machinery, fixtures and supplies | 40% of current market value | 30% | 12% |
| Agricultural land | Assessment is based on the productivity of the land | 30% | not applicable |
| Timber land | 25% of a valuation schedule adopted by the Department of Revenue | 30% | 7.5%* |

*Difficult to determine whether this is accurate.

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 5 | | | |
| Cooperative rural electric & telephone property except land & lots | 40% of full cash value | 7% | 2.8% |
| Unprocessed agricultural products* (that are held longer than 6 months) | | | |
| Grain | 100% of the avg. U.S.D.A. loan value per bushel | 7% | 2.3% |
| Dwellings & lots of disabled veterans | 40% of full cash value (if 25% of full cash value) | 7% | 2.8% (1.75%)** |

*Except for livestock & poultry & perishable fruits & vegtables in farm storage. Unprocessed products held less than 6 months are tax exempt.

**Data is not available to indicate whether these properties are actually assessed at 40% of market value. If these properties are being assessed at an average 25% of full cash value as is the case with other residential property, then only 1.75% of the market value is being taxed on dwellings and lots of disabled veterans.

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 6 | | | |
| Moneyed capital & shares of banks | 100% of full cash value | 7% for surplus & 30% for other than surplus | 7%<br>30% |
| Class 7 | | | |
| New industrial property, air pollution control equipment | 40% of full cash value | 7% | 2.8% |
| Capital investment in nonfossil energy generation | 40% of full cash value | 7% | 2.8% |
| Business inventories | 60% of original cost | 7% | 4.2% |
| Class 8 | | | |
| Improvements on real property, trailers or mobile homes for widows, widowers & recipients of retirement or disability benefits when certain conditions are met | 40% of full cash value if real property; if personal property, a depreciation schedule is used<br>(If 25% of full cash value) | 15% | 6% if real property<br>(3.75%)* |

*Data is not available to indicate whether these properties are actually assessed at 40% of market value. If these properties are being assessed at an average 25% of full cash value as is the case with other residential property, then only 3.75% of market value is being taxed on Class 8 real property.

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 8 (cont.)<br><br>Capital investment in a building for energy conservation purposes | 40% of full cash value | 15% | 6% |
| Class 9<br><br>Incremental increase in the value of real estate attributable to repairing, maintaining, or improving existing improvements | 40% of full cash value | 6% the 1st year<br>12% the 2nd year<br>18% the 3rd year<br>24% the 4th year<br>30% the 5th year & thereafter | 2.4%<br>4.8%<br>7.2%<br>9.6%<br>12% |
| Class 10<br><br>Annual gross proceeds of coal mines using the strip method | 100% of the gross proceeds | 45% | 45% |
| Class 11<br><br>Centrally assessed utility allocations:<br><br>Railroads<br>Telephone lines<br>Power lines | 40% of full cash value | 40% | 16% |

| Class of Property | Assessed Value | Percent Applied to Assessed Value to Get Taxable Value | Percent of Estimated Market Value That Is Taxed |
|---|---|---|---|
| Class 11 (cont.)<br><br>Telegraph lines<br>Pipelines<br>Airlines<br>Microwave<br><br>All other property not included in the preceding 10 classes | 40% of full cash value | 40% | 16% |

TABLE III

Types of Property Rank-Ordered by Estimated Percentage of Market Value Taxed

| Type of Property | Percent of Estimated Market Value Taxed |
|---|---|
| 1) Net proceeds of mines except coal mines | 100%* |
| 2) Gross proceeds of coal mines using the strip method | 45% |
| 3) Gross proceeds of underground coal mines | 33 1/3% |
| 4) Moneyed capital and shares of banks other than surplus | 30% * |
| 5) Furniture and fixtures used in commercial activities including offices and hotels | 20% |
| Professional libraries | 20% |
| 6) Farm irrigation sprinkler systems | 16% |
| Centrally assessed utility allocations | 16% |
| All property not included in the first 10 classes of the classification system | 16% |
| 7) Small farm machinery | 14% |
| 8) Truck campers and camping trailers | 13.3% |
| Automobiles and trucks | 13.3% |
| Snowmobiles | 13.3% |

*May not be an accurate reflection of market value taxed.

| Type of Property | Percent of Estimated Market Value Taxed |
|---|---|
| 8) cont. | |
| Livestock, poultry and unprocessed products of both | 13.3% |
| Bowling alleys | 13.3% |
| Wholesale and retail oil service station equipment | 13.3% |
| 9) Construction machinery | 13.2% |
| 10) Other construction machinery | 12% |
| Oil field tools | 12% |
| Manufacturing and mining machinery fixtures and supplies | 12% |
| Oil drilling machinery, fixtures and supplies | 12% |
| Machinery equipment and tools used in repair shops and other establishments | 12% |
| Industrial real property | 12%* |
| 11) Boats | 11.6% |
| 12) Motorcycles | 11% |
| Aircraft | 11% |
| 13) Tractors and other large farm equipment | 10.6% |
| 14) Commercial real property (vacant) | 8.6% |
| 15) Telephone communications to rural areas and small towns of 800 persons or less | 8% |
| Commercial real property (non-vacant) | 8% |

*May not be an accurate reflection of market value taxed.

| Type of Property | Percent of Estimated Market Value Taxed |
|---|---|
| 16) Urban residential real property | 7.5% |
| Timber land | 7.5%* |
| 17) Unprocessed agricultural products that are held longer than 6 months (small grain) | 7%* |
| Moneyed capital and shares of banks for surplus | 7% |
| 18) Capital investment in buildings for energy conservation purposes | 6% |
| Improvements on real property, trailers or mobile homes for widows, widowers and recipients of retirement or disability benefits when certain conditions are met | 6%* (May be 3.75%) |
| 19) Business Inventories | 4.2% |
| 20) New industrial property | 2.8% |
| Air pollution control equipment | 2.8% |
| Capital investment in nonfossil energy generation | 2.8% |
| Dwellings and lots of disabled veterans | 2.8%* (May be 1.75%) |
| 21) Cooperative rural electric and telephone property except land and lots | 2.8% |
| 22) Incremental increase in the value of real estate attributable to repairing, maintaining, or improving existing improvements | A range from 2.4% to 12% |

*May not be accurate reflection of market value taxed.

The Subcommittee considered adjusting the new rates to reflect the differentials in tax rates among the classes set by the 1919 legislature, but rejected this alternative because it caused significant shifting of the tax burden. The Subcommittee also concluded that the original tax differentials were enacted by the 1919 legislature to reflect then-existing conditions, not in reference to any policy decision or theory.[19]

Thus, in lowering tax rates, the Subcommittee established in Bill I a uniform rate of taxation for each class and maintained the existing rate of taxation for most types of property.

The fiscal effect of this change on each type of property and on the tax base as a whole is discussed in section VI.

In a second step, the Subcommittee compared the relative tax burdens and classifications for different types of property and considered whether they were equitable, logical, and easily understood by the taxpayer. The Subcommittee determined that the following changes, contained in Bill II, produced a more equitable distribution of the tax burden and made property taxes easier to calculate:

(1) Manufacturing and mining machinery, fixtures and supplies and oil drilling machinery, fixtures and supplies were moved from Class Three to Class Two and classed with other tools and machinery.

(2) The tax rate of all real property, with the exception of agricultural land, was lowered from 12% to 10%. Under this bill, a homeowner would know the taxable value of his home is 10% of its market value, an easily calculated figure.

(3) The tax rates on livestock, poultry, and unprocessed products of both was lowered from 13% to 10%.

(4) The tax rate of business inventories, new industrial property, air pollution control equipment, capital investments in nonfossil energy generation and in buildings for energy conservation purposes, and the dwellings of veterans and older citizens was at a figure also easy to calculate - 5%. This was a decrease in tax rate for the homes of retired persons but an increase, slight in most cases, for other types of property.

(5) Similarly, the tax rate on incremental increases in the value of real estate due to repair or maintenance was set at the round figures of 2%, 4%, 6%, 8%, 10% instead of fractional figures.

VI

## OTHER STATES' PROPERTY TAX SYSTEMS

In studying alternate methods of clarifying Montana's property tax system, the Subcommittee considered the tax laws of other states. The Subcommittee discovered that many other states have extralegal fractional assessment ratios similar to Montana's. North Dakota has no statutory classification, but county assessors' practices have established "differentials" between different types of property. Railroads and utilities are taxed at 15% of market value, agricultural land at 8%, and residential property at 9%. This extralegal system is being challenged in court. In South Dakota, assessors' methods have reduced the statutory 60% of true and full value for all property to 34% of market value. Urban residential property and business property is assessed at a higher level. Colorado's legal level of assessment is 30%, but in 1972 the statewide average was 21% and dropping. Wyoming's law of 100% of fair value averaged 12.6% of market value for real estate in 1974. Idaho presently has many extralegal assessment ratios, the average of which is 12%.[20]

Eighteen states have recently passed laws or are considering amendments to control extralegal assessment practices. These efforts fall into two categories:

(1) those requiring assessment of all property at 100% of market value, but classifying that property and taxing it at different percentages; and

(2) those setting equal fractional assessment for all property and taxing equally on that assessment.

Four states have enacted classification systems. In 1963, the Arizona Supreme Court ruled that the legislature must either bring all assessments to their statutory full cash value or "exercise its authority and establish classification of property". The legislature did both in 1963, by strengthening laws requiring assessment at full market value and classifying property for taxation into 26 classes. In 1967 and 1973, the legislature consolidated the 26 classes into five. The classification system and related reforms have substantially increased assessment equity. Arizona does not, however, publish sales assessment ratios, so the degree of improvement is difficult to judge.[21]

After rejecting bills to classify taxable property in 1915, 1922, 1926, 1927, 1929, and 1945, the Tennessee legislature finally enacted a five-class classification system in 1973:

| | |
|---|---|
| state assessed public utilities' real and personal property | 55% |
| commercial and industrial personal property | 40% |
| commercial and industrial real property | 30% |
| other real estate | 25% |
| non-business tangible personal property in excess of $7,500 per owner | 5% |

This followed court rulings in 1966 that a *de facto* classification already existed and violated constitutional requirements of equal taxation: utilities were assessed at 60-65% of full value and other types of property as low as 11%. The Tax Study Commission appointed as a result of this ruling decided that "classification (was) the only way to bring about a measure of equity and legality".[22]

The Louisiana and Alabama legislatures came to the same conclusion. Louisiana's new constitution provides for taxation of residential property at 10% of market value and other property at 15%, effective in 1978. Alabama adopted, in 1971, the following classifications:

| | |
|---|---|
| public utilities' property | 30% |
| agricultural and residential property | 15% |
| all other property | 30% |

Minnesota's reform of its classification system bears most directly on Montana's experience. Until 1971, Minnesota statutes required that all property be assessed on the basis of its "full and true value" before classification. However, a system of fractional assessment, varying from county to county, had developed. In 1969, the legislature acknowledged this fact and sought some control by requiring that all assessors file with the county auditor what fraction of market value they were using. This valuation, called the adjusted market value, averaged 33-1/3% of market value but varied from 22% to 37%. These varying values, serving as the basis for Minnesota's complex 25-class classification system, created distinct inequalities in many counties. In 1972, the legislature abolished the adjusted market value provision and ruled that all assessors must value at 100% of market value. Market value is determined by actual sales. The total taxable value tripled in the first year of this program. Since Minnesota's mill rate is determined by dividing the tax levy by the assessed valuation, the taxes remained the same despite this large increase. The variation of tax rates among counties has lessened markedly.[23]

Other states have also considered classification systems. In Colorado the 1971-73 interim committee on Finance and Taxation concluded that in order to bring practice and law into conformity, the legislature must amend its full valuation law

to 10% of full value or adopt a classification system. The proposed legislation failed but has remained an issue. New Jersey and Massachusetts studies on the fractional assessment systems in those states also recommended classification.

Ten states without classification systems have moved to end extralegal fractional assessment by abandoning the statutory 100% of full value assessment level and lowering the legal level to its actual one. The new values range from 25% to 50% of full value. Sales assessment ratios indicate that assessment averages are near these legal levels in most of the states.[24]

The object in each state legislature was to allow the legislature to control both the level of assessment and the level of taxation. Such measures reduced the chances of different taxation for the same types of property and made the process of taxation more understandable to state citizens.

## VII

## FISCAL IMPACT

The fiscal impact of the first bill -- Bill I -- adopted by the Subcommittee is slight. Since establishing a standard value as the basis of assessment and lowering the tax rate accordingly preserves the present effective rate of taxation for each class, the total taxable value of taxing districts remains virtually unchanged. The chief fiscal effect of the bill would be to equalize the tax rate within each class. Taxpayers would notice some changes in the tax rate on property in classes two, three, and five.

Tables IV and V detail the fiscal impact of the bill for two counties. As each taxing district has a different mixture of property, the effects of the bill will vary slightly from city to city and county to county. To determine the range of possible effects, the tax bases of two counties--Yellowstone and Pondera--were chosen for detailed examination.

The tables demonstrate that the bill's effect on taxable value is negligible: Yellowstone County's total taxable value would decrease 1.3% as a result of the bill, and Pondera's would increase1.6%. The bill's effect on the tax rate of most individual pieces of property is also nugatory: property in nine classes would be unaffected.

However, much of the property in classes two, three, and five would be taxed at new rates. This stems from the wide range of assessment levels in each class and the resulting divergence of tax rates.

In class two, for example, the range of assessment is from 40% to 80% of market value and the effective tax rate from 8% to 16%. If the tax rate is set at 13% for all property in this class, as the Subcommittee recommends, small machinery, automobiles, trucks, buses, trailers, and snowmobiles would be taxed at a slightly lower rate. Farm machinery, motorcycles, aircraft, and watercraft, on the other hand, would be taxed at a higher rate. In class three, livestock would be taxed at a slightly lower rate and furniture and fixtures at a much lower rate. The most noticeable change would occur in class five. Small grains are now assessed on the basis of U.S.D.A. loan value, or 33% of market value.[25] With a statutory tax rate of 7%, this type of property enjoys the lowest rate of any taxable property in the state, 2.3%. Under the Subcommittee's bill, small grain is assessed and taxed at the same rate as other property in the class, 4.2%.

While these changes in tax rate for individual types of property may appear extensive, the bill will, in the long run,

aid legislators in determining exactly what tax burden each type of property bears and deciding whether this is equitable. Before the Subcommittee's study, legislators were not able to readily determine that cars were taxed at 13.3% and motorcycles at 11%, although statutes required both to be taxed at 20% or that livestock is taxed at 13.3% and commercial furniture at 20% when statutes set the tax rate for both at 33-1/3%. Under the Subcommittee's proposal, the legislators would be fully aware of both the level of assessment and taxation for property when they voted on amendments to Title 84.

The fiscal impact of Bill II is greater, as Tables VI through VIII illustrate. Since the bill lowers the tax rate for nonagricultural real property 17%, the tax base of taxing districts would be reduced. However, the slight increases in tax rates for business inventories, some motor vehicles, and other types of machinery compensates for a portion of this loss. The net effect in Park County, for example, would be a decrease in the tax base of approximately 8.5%. The loss in other counties will vary slightly, depending on the mixture of property or the taxing district. Tables VII and VIII suggest that Cascade County's tax base would decrease about 9.4% and that of the state as a whole 6.2%.

The Subcommittee considered this decrease in the tax base in the light of the ongoing reappraisal process. Since the taxable value of real property will increase, according to Department of Revenue projections, almost 30% under its reappraisal program, the decrease in taxable value caused by the bill would not have a significant effect on levy limitations. The Department plans to complete the present reappraisal program by July 1978.

TABLE IV

THE FISCAL IMPACT OF BILL I

PONDERA COUNTY

| Class of Property | FY 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class I | | | |
| Patented Mining Claims | -0- | -0- | -0- |
| Reserved Rights of Entry | -0- | -0- | -0- |
| Net Proceeds & Royalties | $1,358,681 | $1,358,681 | -0- |
| Subtotal, Class I | 1,358,681 | 1,358,681 | -0- |
| Class II | | | |
| Cooperative Utilities (Plus Class IV) | 131,667 | 131,667 | -0- |
| Farm Machinery | 1,500,565 | 1,840,315 | +22.6 |
| Small Machinery | 122,343 | 113,604 | -7.1 |
| Automobiles | 601,533 | 590,400 | -1.8 |
| Trucks | 575,831 | 565,136 | -1.8 |
| Buses | -0- | -0- | -0- |
| Motorcycles | 17,024 | 20,119 | +18.2 |
| Housetrailers | 43,616 | 42,805 | -1.8 |
| Other Trailers | 30,382 | 29,817 | -1.8 |
| Snowmobiles | 20,985 | 20,595 | -1.8 |
| Aircraft | 26,716 | 31,573 | +18.2 |
| Watercraft | 18,763 | 21,027 | +12.1 |
| Subtotal, Class II | 3,089,425 | 3,407,058 | +31.0 |
| Class III | | | |
| Livestock | 858,180 | 836,724 | -3 |
| Furniture and Fixtures | 162,894 | 105,881 | -35 |
| Annual Gross Proceeds of Underground Coal Mines | NYD | Removed | -0- |
| Subtotal, Class III | 1,021,074 | 942,605 | -7.7 |

TABLE IV

THE FISCAL IMPACT OF BILL I

PONDERA COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class IV | | | |
| Mining Machinery | -0- | -0- | -0- |
| Manufacturing Machinery | $ 49,125 | $ 49,125 | -0- |
| Drilling Rigs | 186,408 | 186,408 | -0- |
| Agricultural Land | 5,281,408 | 5,281,408 | -0- |
| | Value A (assessment at present level) | | |
| Improvements on Agricultural Lands | 1,370,194 | 1,370,194 | -0- |
| Suburban Tracts and Villas | 156,055 | 156,055 | -0- |
| Timberland | -0- | -0- | -0- |
| Industrial Sites | 254,193 | 254,193 | -0- |
| Mobile Homes | 178,596 | 178,596 | -0- |
| City and Town Lots | 2,263,143 | 2,263,143 | -0- |
| Subtotal, Class IV | 9,739,122 | 9,739,122 | -0- |
| | Value B (assessment at statutory 40%) | | |
| Improvements on Agricultural Lands | 1,370,194 | 1,950,455 | +42.3 |
| Suburban Tracts and Villas | 156,055 | 222,936 | +42.9 |
| Timberland | -0- | -0- | -0- |
| Industrial Sites | 254,193 | 356,627 | +40.3 |
| Mobile Homes | 178,596 | 254,229 | +42.3 |
| City and Town Lots | 2,263,143 | 3,481,758 | +46.1 |
| Subtotal, Class IV | 9,739,122 | 11,782,946 | +48.0 |
| Class V | | | |
| | Value A | | |
| Cooperative Utilities | NYD | NYD | -0- |
| Agricultural Production in storage | 57,183 | 104,421 | +82.0 |
| Class 5 Lots and Improvements | 595 | 892 | +49.7 |
| Subtotal Class V | 57,778 | 105,313 | +82.0 |

TABLE IV

THE FISCAL IMPACT OF BILL I

PONDERA COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| | Value B* | | |
| Cooperative Utilities | NYD | NYD | -0- |
| Agricultural Products in storage | $ 57,183 | $ 104,421 | +82.0 |
| Class 5 Lots - Improvements | 595 | 847 | +25.1 |
| Subtotal, Class V | 57,778 | 105,268 | +82.0 |
| Class VI | | | |
| Moneyed Capital and Bank Stocks | 330,261 | 330,261 | -0- |
| Solvent Credits | -0- | -0- | -0-*** |
| Bank Surplus | 70,938 | 70,938 | -0- |
| Subtotal, Class VI | 401,199 | 401,199 | -0- |
| Class VII | | | |
| Business Inventories | 190,841 | 190,841 | -0- *** |
| New Industrial Property | -0- | -0- | -0- |
| Air Pollution Control Equipment | -0- | -0- | -0- |
| Subtotal, Class VII | 190,841 | 190,841 | -0- |
| Class VIII | Value A | | |
| Class 8 Agricultural Land | -0- | -0- | -0- |
| Class 8 Suburban Tracts | 129 | 129 | -0- |
| Class 8 Timber Land | -0- | -0- | -0- |
| Class 8 City and Town Lots | 4,549 | 4,549 | -0- |
| Class 8 Improvements | 24,972 | 24,972 | -0- |
| Subtotal Class VIII | 29,650 | 29,650 | -0- |
| | Value B* | | |
| Class 8 Agricultural Land | -0- | -0- | -0- |
| Class 8 Suburban Tracts | 129 | 184 | +42.6 |
| Class 8 Timber Land | -0- | -0- | -0- |
| Class 8 City and Town Lots | 4,549 | 6,499 | +42.9 |
| Class 8 Improvements | 24,972 | 35,547 | +42.3 |
| Subtotal, Class VIII | 29,650 | 42,230 | +42.4 |

TABLE IV

THE FISCAL IMPACT OF BILL I

PONDERA COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class IX | | | |
| Utilities | NYD | NYD | |
| Class X | | | |
| Annual Gross Proceeds of Coal Mines using Strip Mining Techniques | NYD | NYD | |
| Class XI | | | |
| All Other Property | $ 40,204 | $ 40,204 | -0- |
| Utilities | 1,567,925 | 1,567,925 | -0- |
| Subtotal, Class XI | 1,608,129 | 1,608,129 | -0- |
| Class XII | | | |
| Annual Gross Proceeds of Underground Coal Mines | NYD | NYD | -0- |
| Present Taxable Value | $17,495,889 | | |
| Total Under Proposed Bill - Value A | | $17,782,598 | + 1.6% |
| Total Under Proposed Bill - Value B* | | 19,838,957 | +13.3% |

*** 1976 data is used to show the effect of the subcommittee's bill. In 1975, solvent credits were exempted and business inventories moved from Class III to Class VII.

NYD - Not Yet Determined

TABLE V

THE FISCAL IMPACT OF BILL I

YELLOWSTONE COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class I | | | |
| Patented Mining Claims | -0- | -0- | -0- |
| Reserved Rights of Entry | $ 15,341 | $ 15,341 | -0- |
| Net Proceeds and Royalties | 70,288 | 70,288 | -0- |
| Subtotal, Class I | 85,629 | 85,629 | -0- |
| Class II | | | |
| Cooperative Utilities (Plus Class IV) | 5,905,581 | 5,905,581 | -0- |
| Farm Machinery | 755,816 | 926,944 | +22.6 |
| Small Machinery | 1,696,045 | 1,578,994 | -6.9 |
| Automobiles | 9,340,187 | 9,166,725 | -1.8 |
| Trucks | 3,920,090 | 3,487,287 | -1.8 |
| Buses | 45,650 | 44,802 | -1.8 |
| Motorcycles | 140,600 | 166,163 | +18.2 |
| Housetrailers | 290,301 | 284,909 | -1.8 |
| Other Trailers | 352,661 | 346,111 | -1.8 |
| Snowmobiles | 96,997 | 95,195 | -1.8 |
| Aircraft | 419,169 | 495,382 | +18.2 |
| Watercraft | 257,314 | 288,369 | +12.1 |
| Subtotal, Class II | 23,220,411 | 22.786.462 | - 1.9 |
| Class III | | | |
| Livestock | 2,346,553 | 2,287,889 | -2.5 |
| Furniture and Fixtures | 3,797,104 | 2,481,118 | -35 |
| Annual Gross Proceeds of Underground Coal Mines | NYD | NYD | -0- |
| Subtotal, Class III | 6,143,657 | 4,769,007 | -22.4 |
| Class IV | | | |
| Mining Machinery | 2,265,775 | 2,265,775 | -0- |
| Manufacturing Machinery | 2,006 | 2,006 | -0- |
| Drilling Rigs | 1,416,723 | 1,416,723 | -0- |
| Agricultural Land | 3,134,813 | 3,134,813 | -0- |

TABLE V

THE FISCAL IMPACT OF BILL I

YELLOWSTONE COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| | Value A (assessment at present level) | | |
| Improvements on Agricultural Lands | $ 4,385,962 | $ 4,385,962 | -0- |
| Suburban Tracts and Villas | 4,253,421 | 4,253,421 | -0- |
| Timberland | -0- | -0- | -0- |
| Industrial Sites | 9,849,759 | 9,849,759 | -0- |
| Mobile Homes | 2,422,383 | 2,422,383 | -0- |
| City and Town Lots | 57,302,049 | 57,302,049 | -0- |
| Subtotal, Class IV | 85,032,891 | 85,032,891 | -0- |
| | Value B (assessment at statutory 40%) | | |
| Improvements on Agricultural Lands | 4,385,962 | 6,416,916 | +46.3 |
| Suburban Tracts and Villas | 4,253,421 | 6,223,000 | +46.3 |
| Timberland | -0- | -0- | -0- |
| Industrial Sites | 9,849,759 | 14,410,767 | +46.3 |
| Mobile Homes | 2,422,383 | 3,594,086 | +46.3 |
| City and Town Lots | 57,302,049 | 83,836,209 | +46.3 |
| Subtotal, Class IV | 85,032,891 | 121,300,215 | +42.6 |
| Class V | Value A | | |
| Cooperative Utilities | NYD | NYD | -0- |
| Agricultural Products in Storage | 45,955 | 83,918 | +82.0 |
| Class 5 Lots and Improvements | 16,354 | 24,532 | +50.0 |
| Subtotal, Class V | 62,309 | 108,450 | +74.0 |
| | Value B | | |
| Cooperative Utilities | NYD | NYD | -0- |
| Agricultural Products in storage | 45,955 | 83,918 | +82.0 |
| Class 5 Lots and Improvements | 16,354 | 34,921 | +113.5 |
| Subtotal, Class V | 62,309 | 118,839 | +90.0 |

TABLE V

THE FISCAL IMPACT OF BILL I

YELLOWSTONE COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class VI | | | |
| Moneyed Capital and Bank Stocks | $ 1,416,723 | $ 1,416,723 | -0- |
| Solvent Credits | -0- | -0- | -0-*** |
| Bank Surplus | 801,030 | 801,030 | -0- |
| Subtotal, Class VI | 2,217,753 | 2,217,753 | -0- |
| Class VII | | | |
| Business Inventories | 5,093,839 | 5,093,839 | -0- *** |
| New Industrial Property | -0- | -0- | -0- |
| Air Pollution Control Equipment | 6,194 | 6,194 | -0- |
| Subtotal, Class VII | 5,100,033 | 5,100,033 | -0- |
| Class VIII | Value A | | |
| Class 8 Agricultural Land | -0- | -0- | -0- |
| Class 8 Suburban Tracts | 10,294 | 10,294 | -0- |
| Class 8 Timberland | -0- | -0- | -0- |
| Class 8 City and Town Lots | 123,834 | 123,834 | -0- |
| Class 8 Improvements | 584,686 | 584,686 | -0- |
| Subtotal, Class VIII | 718,814 | 718,814 | -0- |
| | Value B* | | |
| Class 8 Agricultural Land | -0- | -0- | -0- |
| Class 8 Suburban Tracts | 10,294 | 15,061 | +46.3 |
| Class 8 Timberland | -0- | -0- | -0- |
| Class 8 City and Town Lots | 123,834 | 181,176 | +46.3 |
| Class 8 Improvements | 584,686 | 855,430 | +46.3 |
| Subtotal, Class VIII | 718,814 | 1,051,667 | +46.3 |
| Class IX | | | |
| Utilities | NYD | NYD | -0- |
| Class X | | | |
| Annual Gross Proceeds of Coal Mines Using Strip Mining Techniques | NYD | NYD | -0- |

TABLE V

THE FISCAL IMPACT OF BILL I

YELLOWSTONE COUNTY

| Class of Property | 1975 Taxable Value | Taxable Value After Amendments | % Change |
|---|---|---|---|
| Class XI | | | |
| All Other Property | $ 570,018 | $ 570,018 | -0- |
| Utilities | 9,792,787 | 9,792,787 | -0- |
| Subtotal, Class XI | 10,362,805 | 10,362,805 | -0- |
| Class XII | | | |
| Annual Gross Proceeds of Underground Coal Mines | NYD | NYD | -0- |
| Present Taxable Value | $132,944,302 | | |
| Total Under Proposed Bill - Value A | | $131,181,844 | - 1.3% |
| Total Under Proposed Bill - Value B | | 167,792,490 | +26.2% |

*** 1976 data is used to show the effect of the subcommittee's bill. In 1975, solvent credits were exempted and business inventories moved from Class III to Class VII.

NYD - Not Yet Determined

TABLE VI

TAXABLE VALUE UNDER BILL II
PARK COUNTY

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| REAL ESTATE AND IMPROVEMENTS | | | |
| Rural Land & Improvements | | | |
| Irrigated land | $ 393,636 | $ 393,636 | |
| Non-irrigated land | 263,227 | 263,227 | |
| Grazing land | 703,957 | 703,957 | |
| Wild hay land | 89,549 | 89,549 | |
| Class 8 agricultural land & improvements | 123 | 123 | |
| Improvements on agricultural land | 874,788 | 874,788 | |
| Land and Improvements | | | |
| Suburban tracts, villas, orchards | 1,534,434 | 1,273,580 | |
| Class 8 suburban tracts & improvements | 14,865 | 12,337 | |
| Timber land | 91,916 | 76,290 | |
| Class 8 timber land & improvements | -- | -- | |
| Industrial sites | 149,978 | 149,978 | |
| Patented mining claims & improvements | 27,980 | 27,980 | |
| Reserved right of entry | 6,623 | 6,623 | |
| New industrial land & improvements | -- | -- | |
| City and town lots & improvements | 4,187,082 | 3,475,278 | |
| Class 8 city and town lots & improvements | 120,188 | 99,756 | |
| Class 5 lots & improvements | 1,909 | 3,408 | |
| Class 9 improvements | 330 | 396 | |
| Total All Real Estate and Improvements | 8, 460,585 | 7,450,906 | -11.9% |
| CENTRAL ASSESSMENTS | | | |
| Allocations by the department | 1,846,844 | 1,846,844 | |
| Net proceeds & royalties | -- | -- | |
| Gross proceeds (underground) | -- | -- | |
| Gross proceeds (strip) | -- | -- | 0.0% |

TABLE VI (cont.)

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| PERSONAL PROPERTY | | | |
| Farm Machinery & Equipment | $ 505,884 | $ 505,884 | |
| Other Machinery | 47,742 | 51,704 | |
| Vehicles | | | |
| Automobiles | 1,173,332 | 1,173,332 | |
| Trucks | 709,340 | 709,340 | |
| Buses | 14,309 | 14,309 | |
| Motorcycles | 28,619 | 33,799 | |
| House trailers | 81,768 | 81,768 | |
| Other trailers | 38,840 | 38,840 | |
| Aircraft | 20,764 | 24,522 | |
| Watercraft | 18,729 | 20,976 | |
| Snowmobiles | -- | -- | |
| Others | 4,684 | 4,684 | |
| Total For Motor Vehicles | 2,090,385 | 2,101,570 | |
| Class 2 not listed above | 1,153 | 1,153 | |
| Furniture & Fixtures | 292,664 | 190,231 | |
| Livestock | 1,298,015 | 974,809 | |
| Other Class 3 | -- | -- | |
| Mining machinery | -- | -- | |
| Drilling rigs | -- | -- | |
| Manufacturing machinery | 63,171 | 68,414 | |
| Mobile homes | 329,400 | 273,402 | |
| Other Class 4 | -- | -- | |
| Agricultural Products in storage | -- | -- | |
| Veteran s' Homes | -- | -- | |
| Bank stock & money capital | -- | -- | |
| Bank surplus | -- | -- | |
| New industrial property | -- | -- | |
| Air Pollution control facilities | -- | -- | |
| Business inventories | 212,480 | 252,851 | |

TABLE VI (cont.)

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| Conservation investments in buildings | $ -- | $ -- | |
| Mobile homes (Class 8) | | | |
| Class 8 not previously listed | 10,625 | 8,818 | |
| Property not included in previous classes | 30,444 | 30,444 | |
| Total All Personal Property | 4,834,217 | 4,459,280 | - 7.7% |
| Utilities | 1,086,680 | 1,086,680 | |
| TOTAL TAXABLE | $16,228,326 | $14,843,710 | - 8.5% |

Source of Column I figures: Department of Revenue, "County Assessors' Reports," 1976.

TABLE VII

TAXABLE VALUE UNDER BILL II
CASCADE COUNTY

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| REAL ESTATE AND IMPROVEMENTS | | | |
| Rural Land & Improvements | | | |
| Irrigated land | $ 262,971 | $ 262,971 | |
| Non-irrigated land | 3,038,398 | 3,038,398 | |
| Grazing land | 1,174,667 | 1,174,667 | |
| Wild hay land | 260,090 | 260,090 | |
| Class 8 agricultural land & improvements | -- | -- | |
| Improvements on agricultural land | 1,550,270 | 1,550,270 | |
| Land and Improvements | | | |
| Suburban tracts, villas, orchards | 1,851,744 | 1,536,947 | |
| Class 8 suburban tracts & improvements | -- | -- | |
| Timber land | -- | -- | |
| Class 8 timber land & improvements | -- | -- | |
| Industrial sites | 3,439,387 | 2,854,691 | |
| Patented mining claims | 44,632 | 44,632 | |
| Reserved right of entry | 8,520 | 8,520 | |
| New industrial land & improvements | -- | -- | |
| City and town lots & improvements | 39,619,687 | 32,884,340 | |
| Class 8 city and town lots & improvements | 366,018 | 303,794 | |
| Class 5 lots & improvements | 22,162 | 39,559 | |
| Class 9 improvements | -- | -- | |
| Total All Real Estate & Improvements | 51,638,542 | 43,958,879 | -14.8% |
| CENTRAL ASSESSMENTS | | | |
| Allocations by the department | 6,878,362 | 6,878,362 | |
| Net proceeds and royalties | -- | -- | |
| Gross proceeds (underground) | -- | -- | |
| Gross proceeds (strip) | -- | -- | 0.0% |

TABLE VII (cont.)

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| PERSONAL PROPERTY | | | |
| Farm Machinery & Equipment | $ 1,146,198 | $ 1,146,198 | |
| Other Machinery | 626,115 | 678,082 | |
| Vehicles | | | |
| Automobiles | 6,485,344 | 6,485,344 | |
| Trucks | 3,411,623 | 3,411,623 | |
| Buses | -- | -- | |
| Motorcycles | 116,781 | 130,794 | |
| House trailers | -- | -- | |
| Other trailers | 488,010 | 488,010 | |
| Aircraft | 361,063 | 426,415 | |
| Watercraft | 189,485 | 212,223 | |
| Snowmobiles | 21,963 | 21,963 | |
| Others | 125,773 | 125,773 | |
| Total for Motor Vehicles | 11,200,042 | 11,302,145 | |
| Class 2 not listed above | 320,062 | 320,062 | |
| Furniture & Fixtures | 3,188,322 | 2,072,940 | |
| Livestock | 1,418,746 | 1,065,478 | |
| Other Class 3 | -- | -- | |
| Mining machinery | 60 | 64 | |
| Drilling Rigs | 1,500,318 | 1,624,844 | |
| Manufacturing machinery | 4,395 | 4,759 | |
| Mobile homes | 1,326,085 | 1,100,650 | |
| Other Class 4 | 14,877 | 14,877 | |
| Agricultural products in storage | 55,041 | 119,604 | |
| Veterans' Homes | 1,412 | 2,520 | |
| Bank stock & money capital | 802,601 | 802,601 | |
| Bank surplus | 732,242 | 732,242 | |
| New industrial property | -- | -- | |
| Air pollution control facilities | -- | -- | |

TABLE VII (cont.)

| | 1976 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| Business inventories | $ 2,819,748 | $ 3,355,000 | |
| Conservation investments in buildings | -- | -- | |
| Mobile homes (Class 8) | 17,345 | 14,396 | |
| Class 8 not previously listed | -- | -- | |
| Property not included in previous classes | 745,600 | 745,600 | |
| Total All Personal Property | 25,919,209 | 25,102,062 | - 3.1% |
| Utilities | 5,815,957 | 5,815,957 | |
| TOTAL TAXABLE | $90,252,070 | $81,755,260 | - 9.4% |

Source of existing totals: Department of Revenue, "County Assessors Reports" 1976.

TABLE VIII

TAXABLE VALUE UNDER BILL II
STATE OF MONTANA, MINUS YELLOWSTONE COUNTY

| | 1974 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| REAL ESTATE AND IMPROVEMENTS | | | |
| Rural Land & Improvements | | | |
| Irrigated land | $ 12,353,329 | $ 12,353,329 | |
| Non-irrigated land | 57,179,396 | 57,179,396 | |
| Grazing land | 37,649,447 | 37,649,447 | |
| Wild hay land | 4,434,836 | 4,434,836 | |
| Class 8 agricultural land & improvements | -- | -- | |
| Improvements on agricultural land | 45,447,869 | 45,447,869 | |
| Land and Improvements | | | |
| Suburban tracts, villas, orchards | 16,163,072 | 13,415,349 | |
| Improvements on suburban tracts | 36,596,888 | 30,375,417 | |
| Timber land | 6,386,011 | 5,300,389 | |
| Class 8 timber land & improvements | -- | -- | |
| Industrial sites & improvements | 30,199,702 | 25,065,752 | |
| Patented mining claims & improvements | 1,140,172 | 1,140,172 | |
| Reserved right of entry | 1,317,099 | 1,317,099 | |
| New industrial land & improvements | -- | -- | |
| City and town lots & improvements | 201,617,501 | 167,342,526 | |
| Class 8 city and town lots & improvements | 3,209,130 | 2,673,205 | |
| Class 5 lots & improvements | 89,397 | 159,573 | |
| Class 9 improvements | -- | -- | |
| Total All Real Estate and Improvements | 453,783,849 | 403,854,359 | -11.0% |
| CENTRAL ASSESSMENTS | | | |
| Allocations by the department | 108,898,785 | 108,898,785 | |
| Net proceeds & royalties | 116,115,928 | 116,115,928 | |
| Gross proceeds (underground) | -- | -- | |
| Gross proceeds (strip) | -- | -- | 0.0% |

TABLE VIII (cont.)

| | 1974 Taxable Value | Taxable Value Under Bill B | % Change |
|---|---|---|---|
| PERSONAL PROPERTY | | | |
| Farm Machinery & Equipment | $ 28,217,011 | $ 31,038,712 | |
| Other Machinery | 10,603,978 | 10,603,978 | |
| Vehicles | | | |
| Motor vehicles | 80,080,147 | 81,000,000 | |
| Aircraft | 1,729,960 | 2,041,352 | |
| Watercraft | 1,477,948 | 1,655,301 | |
| Snowmobiles | 1,317,303 | 1,317,303 | |
| Furniture & Fixtures | 12,165,501 | 7,907,575 | |
| Livestock | 106,174,979 | 79,737,409 | |
| Mining Machinery | 12,543,096 | 13,584,172 | |
| Drilling Rigs | 3,450,645 | 3,737,048 | |
| Manufacturing Machinery | 27,150,599 | 29,404,098 | |
| Mobile Homes | 14,335,892 | 11,898,790 | |
| Agricultural Products in storage | 1,437,703 | 3,124,128 | |
| Bank Stock & Money Capital | 14,018,322 | 14,018,322 | |
| Bank Surplus | 4,038,011 | 4,038,011 | |
| New Industrial Property | 1,240,700 | 2,214,649 | |
| Air Pollution Control Facilities | 183,745 | 327,066 | |
| Business Inventories | 29,151,812 | 34,690,656 | |
| Property not Included in Previous Classes | 7,090,742 | 7,090,742 | |
| Total All Personal Property | 356,408,094 | 339,429,312 | - 4.7% |
| Utilities | 37,529,849 | 37,529,859 | |
| TOTAL TAXABLE | $1,072,736,515 | $1,005,828,243 | - 6.2% |

Source: Department of Revenue, Report 1974.

## VIII

## OTHER SECTIONS REQUIRING AMENDMENT

Throughout the codes, limits on bonded indebtedness are tied to assessed value. Since the definition of "assessed value" will change under both proposed bills, tripling or quadrupling its value, many sections would require amendment to retain the present limits. The Subcommittee discussed two methods of amending the sections.

In the first, the percentage of assessed value would be lowered in proportion to the rise in assessed value. The chief difficulty of this proposal was that the rise in assessed value, if the amendment were to be passed, would be impossible to predict. The rise will vary dramatically from district to district: those with large amounts of mining property will experience little rise; those with mainly residential property, great rises. Calculations to determine the exact rise would require examining the mixture of property in each taxing district and comparing it with Department of Revenue regulations governing assessment.

The second alternative, which was chosen by the Subcommittee, uses taxable value as the basis for limiting bonded indebtedness in all sections, adjusting the percentages accordingly. Taxable value for both the state as a whole and taxing districts will remain almost stationary under the proposed amendment. The ratio between taxable value and assessed value is a constant 27% in the majority of Montana counties. Thus, adjusting the statutory limits is not difficult.

This ratio was empirically derived: the total taxable value of each county in FY 1975 was divided by its total assessed value.[26] In 39 counties, the ratio was within 3 percentage points of 27%. The ratio deviated only in counties with large amounts of mining property. Table VI shows the ratio for all 56 counties. In amending the sections relating to bonded indebtedness, the value 27.5% times the amount of total assessed value was used to find the corresponding percentage of total taxable value.

Table VII shows the percentage of bonded indebtedness to total taxable value for randomly selected Montana cities, towns, and counties in FY 1975.[27] Since these local governments are not near the statutory limit, they would not be affected by the proposed change. This is true even of counties whose ratio of total taxable to total assessed is larger than 27.5% and whose bond limits would be lowered under this amendment, as the table illustrates. The Subcommittee consulted bond salesmen to learn whether the proposed change would harm the stability or salability of the bonds. Members learned that the change would not affect these factors.[28]

Several levy limits are also tied to "assessed value" by statute. In practice, however, the levy is calculated from the taxable value, not from the assessed value.[29] Therefore, no change in the statutory amount would be necessary if the proposed bill were adopted. The Subcommittee suggests that "taxable value" be substituted for "assessed value" in these sections for clarity and conformity with practice.

A few miscellaneous warrants are also tied to "assessed value", as the attached bill demonstrates. Administrators of the provisions in these statutes agree that the replacement of "assessed" with "taxable" value would have no effect on the functioning of these sections.[30]

Using one term--"taxable value"--throughout the code and defining it by statute will lessen the confusion which now surrounds the words and phrases of property taxation. At tne present time, 22 sections tie levy and bond limitations to "assessed value" and 30 sections to "taxable value". Both terms are used seemingly indiscriminately in establishing levy and bond limits. The distinction between the terms is not always clear; in fact, in two cases, the definitions contradict usage in other sections. The only definitions of taxable value in the codes are the value "determined by Sections 84-301 and 84-308" and "that value determined under Title 84, R.C.M. 1947". Assessed value, on the other hand, is defined explicitly and incorrectly as "taxable valuation. . . not the full and true valuation of property".[31] Thus, the use of a single, defined term throughout the codes would be helpful to both legislators and the public.

TABLE IX

Ratio of $\frac{\text{Total Taxable Value}}{\text{Total Assessed Value}}$ in the Counties

| | | | |
|---|---|---|---|
| Daniels | 24% | Sanders | 28% |
| Fergus | 26% | Stillwater | 28% |
| Chouteau | 26% | Sweetgrass | 28% |
| Lincoln | 26% | Treasure | 28% |
| Missoula | 26% | Dawson | 29% |
| Valley | 26% | Golden Valley | 29% |
| Cascade | 27% | Granite | 29% |
| Custer | 27% | Wheatland | 29% |
| Deer Lodge | 27% | Carter | 30% |
| Gallatin | 27% | Jefferson | 30% |
| Flathead | 27% | Liberty | 30% |
| Garfield | 27% | Madison | 31% |
| Hill | 27% | Petroleum | 31% |
| Lake | 27% | Roosevelt | 31% |
| Lewis & Clark | 27% | Silver Bow | 32% |
| Yellowstone | 27% | Blaine | 33% |
| McCone | 27% | Richland | 34% |
| Park | 27% | Carbon | 35% |
| Phillips | 27% | Rosebud | 35% |
| Ravalli | 27% | Sheridan | 36% |
| Teton | 27% | Judith Basin | 37% |
| Beaverhead | 28% | Toole | 38% |
| Broadwater | 28% | Glacier | 39% |
| Meagher | 28% | Big Horn | 41% |
| Mineral | 28% | Musselshell | 47% |
| Pondera | 28% | Wibaux | 50% |
| Powell | 28% | Fallon | 58% |
| Prairie | 28% | Powder River | 78% |

Source: Calculated from Department of Revenue, County Valuations, 1975.

TABLE X

CURRENT LEVEL OF BONDED INDEBTEDNESS
OF
SELECTED COUNTIES, FY-1975

| | | |
|---|---|---|
| 1. | Lewis & Clark County | 4.8% of total taxable value |
| 2. | Yellowstone County | 2.2% of total taxable value |
| 3. | Glacier County | 4.4% of total taxable value |
| 4. | Gallatin County | 2.7% of total taxable value |
| 5. | Fallon County | 2.4% of total taxable value |
| 6. | Wibaux County | 4.0% of total taxalbe value |
| 7. | Toole County | 1.3% of total taxable value |
| 8. | Rosebud County | 1.3% of total taxable value |
| 9. | Sheridan County | 0% of total taxable value |
| 10. | Judith Basin | 0% of total taxable value |
| 11. | Big Horn County | 0% of total taxable value |
| 12. | Musselshell County | 0% of total taxable value |
| 13. | Powder River County | 0% of total taxable value |

CURRENT LEVEL OF GENERAL OBLIGATION
BONDED INDEBTEDNESS OF
SELECTED CITIES AND TOWNS, FY-1975

| | |
|---|---|
| Billings | 8% |
| Bozeman | 5% |
| Great Falls | 4% |
| Helena | 3% |
| Havre | 9% |
| Big Timber | 7.4% |
| Sidney | .06% |
| Red Lodge | 4.3% |

Source: Compiled from Department of Community Affairs, County Clerks' Annual Reports, 1975, and City's Annual Reports, 1975.

FOOTNOTES

[1]Many of these definitions appear in Montana Legislative Council, Property Taxation and the Montana Property Classification Law (1964), pp. 43-44.

[2]Clark C. Spence, Territorial Politics and Government in Montana, 1864-1889 (Chicago: University of Illinois, 1975), pp. 280-285.

[3]Report of the Tax and License Commission to the State Board of Equalization (1917-1918), p. 10.

[4]Report on Wealth, Debt, and Taxation at the Eleventh Census: 1890, Pt. II, p. 59, quoted in Spence, p. 285. George C. Benson et al, The American Property Tax: Its History, Administration, and Economic Impact (Claremont: Claremont College, 1965), pp. 31-34.

[5]Report of the Tax and License Commission..., pp. 8-12.

[6]Ibid., pp. 21-29, especially p. 23.

[7]Ibid., p. 34, pp. 21-22.

[8]Department of Revenue, Report... (1972-74), p. 113.

[9]Information from Mantz Hutchinson, Assistant Administrator, Property Assessment Division, Department of Revenue, 27 February 1976. Montana Administrative Code, Title 42, Chapter 22.

[10]MAC 42-2.22(1)-S2230 - 42-2.22(38)-S22840. Information from Property Assessment Division officials.

[11]Montana State Board of Equalization, Sixteenth Biennial Report (1952-1954), p. 15. Yellowstone Pipeline vs. State Board of Equalization, 138 Mont 603 (1960). Report of the Special Committee on Classification and Appraisal to the House of Representatives of the 38th Legislative Assembly (1963), p. 7, 9. Bureau of Business and Economic Research, Montana Fiscal Affairs Study (1970), p. 411. Subcommittee on Intergovernmental Relations, Property Tax Administration and Assessment Practices in Montana (1972), p. 9.

[12]Department of Revenue, Property Assessment Division, "Sales Assessment Ratios," June 1975.

[13]Rider v. Cooney, 94 Mont 295 (1933).

[14]MAC 42-2.22(2)-S2260 - 42-2.22(2)-S22170.

[15]Black's Law Dictionary, Revised 4th edition (1968), pp. 1122-1123.

[16]Subcommittee on Intergovernmental Relations, Property Tax Administration and Assessment Practices in Montana (1972), pp. 1-20.

[17]The Montana Legislative Council, Property Taxation and the Montana Property Classification Law (1969), pp. 27-29 discusses the problems of the various bases of assessment at some length.

[18]MAC 42-2.10(2)-S1065 - 42-2.10(2)-S1070.

[19]Interview with Mantz Hutchinson, 27 February 1976.

[20]These facts are gleaned from questionnaires mailed to twenty states' departments of revenue (19 January 1976). Additional information councils in those states (14 January 1976). Additional information and analysis were drawn from ACIR, The Property Tax in a Changing Environment (1974).

[21]ACIR, The Property Tax in a Changing Environment, pp. 44-49. Letter from Robert Hathaway, Assistant Director, Division of Property and Special Taxes, Arizona, 26 January 1976.

[22]ACIR, pp. 246-251. Tax Institute of America, The Property Tax: Problems and Potentials (1967), pp. 221-239.

[23]ACIR, pp. 168-170. Letter from Arthur Roemer, Commissioner of Revenue, Department of Revenue, Minnesota (13 February 1976).

[24]ACIR, Financing Schools and Property Tax Relief, a State Responsibility (1973), pp. 71-73. Massachusetts Taxpayers' Foundation, The Proposed Property Tax Classification Amendment (1970). Arkansas Legislative Council, Analysis of the Arkansas Ad Valorem Property Tax (1974), p. 52.

[25]The following method was used to calculate this average:

| | Dept. of Revenue Assessed Value, 1976 | Jan. 2, 1976 Board of Trade Closing Prices | % Market Value | Present Effective Tax Rate |
|---|---|---|---|---|
| Wheat, Spring & Winter | $1.25/bu. | $3.43 3/4/bu. | 36.36% | 2.54% |
| Durum, Hard Amber | $1.30/bu. | $4.04/bu. | 32.17% | 2.25% |
| Barley | $ .80/bu. | $3.40/bu. | 23.53% | 1.64% |
| Oats | $ .50/bu. | $1.67/bu. | 29.94% | 2.09% |
| Rye | $ .75/bu. | $2.80/bu. | 26.78% | 1.87% |
| Flaxseed | $2.25/bu. | $5.50/bu. | 40.90% | 2.86% |
| Corn | $1.25/bu. | $2.55 3/4bu. | 48.87% | 3.42% |
| Bulk Sugar | $21.35/cwt. | $7.13/cwt. | 33.39% | 2.33% |
| Average | | | 33.37% | 2.33% |

[26]Department of Revenue, Property Assessment Division, County Valuations (1975).

[27]Department of Community Affairs, County Clerks' Annual Reports (1975) and city Annual Reports (1975).

[28]Letters from D. Dwight Capp of Murray, Capp, and Smith, 19 March 1976. Arthur Whitney of Dorsey, Marquart, Windhorse, West, and Holloday, 9 April 1976.

[29]Interview with John Clark, Administrator, Research Division of the Department of Revenue, 27/5/76 and Slim Slattery, Personal Property Bureau Chief, Property Assessment Division, 27/5/76. Montana Taxpayers' Association, Montana Property Tax Mill Levies, 1975-76, pp. 1-2.

[30]Information from Terence Meagher, Chief, Insurance Examiners, Auditor's Office, 12 March 1976.

[31]Sections 11-1909 and 16-502, R.C.M. 1947. Sections 11-1019 and 11-1021, R.C.M. 1947.

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# A P P E N D I C E S

| Current Property Classification Law<br><br>Underlined material denotes changes made by the 1975 Legislature *) | Original Property Classification Law as Passed By The 1919 Legislature | Primary Changes in the Property Classification Law Since 1919 |
|---|---|---|
| Class One. 100 percent of assessed value. The annual net proceeds of all mines and mining claims, except coal mines, after deducting only the expenses specified and allowed by section 84-5403; also where the right to enter upon land, to explore or prospect, or dig for oil, gas, coal or mineral is reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise or succession by any person or corporation, the surface title to which has passed to or remains in another, the state department of revenue shall determine the value of the right to enter upon said tract of land for the purpose of digging, exploring, or prospecting for gas, oil, coal or minerals, and the same shall be placed in this classification for the purpose of taxation. | Class One. 100 percent of full true value. The annual net proceeds of all mines and mining claims, after deducting only the expenses specified and allowed by section 2565 of the Revised Codes of Montana. | Class One. Elimination (in 1975) of coal mines. |
| Class Two. 20 percent of assessed value. All agricultural and other tools, implements and machinery, gas and other engines and boilers, threshing machines and outfits used therewith, automobiles, motor trucks and other power-driven cars, vehicles of all kinds except mobile homes, boats and all watercraft, harness, saddlery and robes and except as provided in Class Five (a) of this section, all poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property used and owned by all persons, firms, corporations, and other organizations which are engaged in the business of furnishing telephone communications, exclusively to rural areas, or to rural areas and cities and towns provided that any such city or town has a population of eight hundred (800) persons or less; and provided further, that the average circuit miles for each station on the system is more than one and one-quarter (1 1/4) miles. | Class Two. 20 percent of true and full value. All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family and all personal property actually used by the owner for personal and domestic purposes or for the furnishing or equipment of the family residence; all agricultural and other tools, implements and machinery, gas and other engines and boilers, threshing machines and outfits used there with, automobiles, motor trucks and other power-driven cars, vehicles of all kinds, boats and all water craft, harness, saddlery and robes. | Class Two. Elimination (in 1974) of household goods and furniture, and all personal property used by the owner of a family residence; addition (in 1969) of property used for furnishing telephone communication to rural areas, and cities and town with populations of 800 persons or less. |

* Except that underlined assessment ratios following each class is for purposes of emphasis and clarity only.

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| Class Three. 33 1/3 percent of assessed value. Livestock, poultry, and unprocessed products of both; furniture and fixtures used in commercial activities; the annual gross proceeds of underground coal mines; and all office or hotel furniture and fixtures, except improvements included in Class Nine. | Class Three. 33 1/3 percent of true and full value Livestock, poultry and all agricultural products; stocks of merchandise of all sorts; together with furniture and fixtures used therewith. | Class Three. Addition (in 1937) of furniture and fixtures used in offices and hotels; addition (in 1951) of unprocessed products of livestock and poultry; addition (in 1975) of furniture and fixtures used in commercial activities; addition (in 1975) of the annual gross proceeds of underground coal mines. Previously coal mines were included in class one and the annual net proceeds were taxed. |
| Class Four. 30 percent of assessed value. (a) All land, town and city lots, with improvements, except improvements included in Class Nine. and all trailers affixed to land owned, leased, or under contract or purchase by the trailer owner, manufacturing and mining machinery, fixtures and supplies, except as otherwise provided by the constitution of Montana, and except as such property may be included in Class Five, Class Seven or Class Eight.<br><br>(b) Mobile homes without regard to the ownership of the land upon which they are situated, except those held by a distributor or dealer of mobile homes as part of his stock in trade, and except as such property may be included in Class Eight. | Class Four. 30 percent of true and full value. All land, town and city lots, with improvements, manufacturing and mining machinery, fixtures and supplies, except as otherwise provided by the constitution of Montana. | Class Four. Addition (in 1961) of trailers; addition (in 1967) of mobile homes without regard to ownership of land. Exceptions provided for land and improvements included in class five (in 1957), class seven (in 1961), class eight (in 1971), and class nine (in 1975). |
| Class Five. 7 percent of assessed value. (a) All poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property used and owned by co-operative rural electrical and co-operative rural telephone associations organized under the laws of Montana except those within the incorporated limits of a city or town in which less than ninety-five per cent (95%) of the electric consumers and/or telephone users are served by a co-operative organization, and as to the property enumerated in this sub-section ~~(b)~~ (A) within incorporated limits of a city or town in which less than ninety-five per cent (95%) of the electric consumers or users will be served by a co-operative organization, such property shall be put in Class Two. | Class Five. 7 percent of true and full value. All moneys and credits, secured or unsecured, including all state, county, school district and other bonds, warrants and securities without any deductions or offset; provided however, that terms, moneys and credits as herein used shall not embrace the moneyed capital employed in the banking business by any banking corporation, association, or individual in the state. | Class Five. 7 percent of true and full value. Elimination (in 1975) of moneys and credits; additions (in 1921) of property owned and used by co-operative rural electrical associations and (in 1957) co-operative rural telephone associations. The requirement that telephone and electrical service provided, by cooperatives, to incorporated cities and towns, must encompass 95 percent of the consumers served by the cooperative in order to be taxed as class five was passed (in 1971). Addition (in 1947) of unprocessed agricultural products with exceptions provided for livestock and poltry (in 1951) and perishable fruits and vegetables (in 1971). Addition (in 1971) of dwelling houses and lots owned by disabled veterans who have been honorably discharged. Previously, such property was included in class four. |

(b) All unprocessed agricultural products either on the farm or in storage, irrespective of whether said products are owned by the elevator, warehouse or flour mill owner or company storing the same, or any other person whomsoever, except all perishable fruits and vegetables in farm storage and owned by the producer, and excepting livestock and poultry and the unprocessed products of both.

(c) The dwelling house, and the lot on which it is erected, owned and occupied by any resident of the state, who has been honorably discharged from active service in any branch of the armed forces, who is rated one hundred per cent (100%) disabled due to a service-connected disability by the United States veterans administration or its successors.

In the event of the veteran's death, the dwelling house, and the lot on which it is erected, so long as the surviving spouse remains unmarried and the owner and occupant of the property, shall remain within this classification.

Class Six. Property formerly included in this class is now classified by section 84-308, and includes the following: Moneyed capital and shares of banks, both national and state, thirty percent (30%) of true and full value on that portion of the true and full value not represented by surplus, as shown on the books of the bank; seven percent (7%) on that portion of the true and full value represented by surplus as shown on the books of the bank; provided that on that portion of any of such surplus which is over and above the amount represented by the stated capital of a bank, the excess shall be subject to thirty percent (30%) of true and full value. The state department of revenue shall prepare, distribute and cause to be used such forms as it may require to obtain from the banks doing business in this state reports of such facts and figures as may be necessary to ascertain the taxable value of bank shares as a basis for the imposition of taxes.

Class Six. 40 percent of true and full value. The shares of stock of national banking associations, and the moneyed capital employed in conducting a banking business by any other banking corporation, association or individual in this state. Such moneyed capital to be ascertained by deducting from the moneys and credits of such banking corporation, association or individual, the amount of the deposits and any indebtedness representing money borrowed for use in said business, and the value of the shares of any national banking association, to be ascertained by deducting the value of all real estate of such association.

Class Six. No additions or deletions in type of property, but rate and method of taxation changed in (1965).

Class Seven. 7 percent of assessed value. (a) All new industrial property. New industrial property shall mean any new industrial plant, including land, buildings, machinery and fixtures which, in the determination of the state department of revenue, is used by a new industry during the first three (3) years of operation not having been assessed prior to July 1, 1961, within the state of Montana. New industry shall mean any person, corporation, firm, partnership, association, or other group which establishes a new plant or plants in this state for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries. Provided, however, that new industrial property shall be limited to industries that manufacture, mill, mine, produce, process or fabricate materials, or do similar work in which capital and labor are employed and in which materials unserviceable in their natural state are extracted, processed or made fit for use or are substantially altered or treated so as to create commercial products or materials; industries that engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual, prepared by the United States office of management and budget; and in no event shall the term new industrial property be included to mean property used by retail or wholesale merchants, commercial services of any type, agriculture, trades or professions. New industrial property does not include a plant which will create an adverse impact on existing state, county, or municipal services. The department shall promulgate regulations for the determination of what constitutes an adverse impact taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Once the department has made an initial determination that the industrial facility qualifies as new industrial property, the department shall then upon proper notice hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing, and it also may waive its objection to retention of this classi-

Class Seven. 40 percent. All other property not included in the six preceding classes. The 40 percent assessment ratio is more appropriately compared to the assessment ratio of class eleven (45 percent) which includes all other property not specifically mentioned in the current classification law.

Class Seven. This class was added in 1961 for all new industrial property. Business inventories, air pollution control equipment and capital investments in nonfossil forms of energy generation were added in 1975. Business inventories had been previously included in class three.

fication if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during construction period.

In the event of a prepayment of taxes, the maximum amount or prepayment shall be the amount without the application of the Class 7 (a) to such property.

If a major new industrial facility qualifies under Class 7 (a) the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in section 84-41-105, R.C.M. 1947, shall not begin until the Class 7 qualification expires. And provided further, that new industrial property shall not be included to mean property which is used or employed in any industrial plant which has been in operation in this state for three (3) years or longer. Any person, corporation, firm, partnership, association or other group seeking to qualify its property for inclusion in this class shall make application to the state department of revenue in such manner and form as may be required by said department.

(b) Business inventories. Business inventories shall include goods intended for sale or lease in the ordinary course of business, and shall include raw materials and work in progress with respect to such goods, but shall not include goods actually leased or rented on the lien date, or mobile homes held by a dealer or distributor as a part of his stock in trade.

(c) Air pollution control equipment as defined in section 69-3923.

(d) A capital investment in a recognized nonfossil form of energy generation, to the extent provided under section 84-7403.

Class Eight. 15 percent of assessed value. (a) Any improvement on real property, trailers affixed to land or mobile home belonging to any person who qualifies under any one or more of the herein after set forth categories, with appurtenant land not exceeding five (5) acres, which together have a market value of not more than twenty-seven thousand five hundred dollars ($27,500), which dwelling is owned or under a contract for deed, and which is actually occupied for at least ten (10) months per year as the primary residential dwelling of:

(1) a widow sixty-two (62) years of age or older, whether with or without minor dependent children, who qualifies under the income limitations of (4), or

(2) a widower sixty-two (62) years of age or older, whether with or without minor dependent children, who qualifies under the income limitations of (4), or

(3) a widow or widower with minor or dependent children regardless or age, who qualifies under the income limitations of (4), or

(4) a recipient or recipients of retirement or disability benefits whose income from all sources is not more than six thousand dollars ($6,000) for a single person and six thousand eight hundred dollars ($6,800) for a married couple total per annum whether said dwelling is occupied by a single person or a married couple. Provided, further, that one who applies for classification of property under this class must make an affidavit to the state department of revenue on a form as may be provided by the state department of revenue supplied without cost to the applicant, as to his income, if applicable, as to his retirement benefits, if applicable, or, as to his marital status, if applicable, and to the fact that he or she actually occupies or maintains as his or her primary residential dwelling, such land and improvements with right of the county welfare board to investigate the applicant, on the completion of the form, as to answers given on the form. Provided,

Class Eight. New class.

Class Eight. This classification added in 1965 and provides a lower assessment ratio on real property and improvements for widows, widowers, and recipients of retirement or disability benefits who fit certain age and income limitations. Capital investments in buildings used for energy conservation purposes was added in 1975.

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| further, the assessed value of said property shall not be increased during the life of the recipient of retirement benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling. For the purposes of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for purposes of section 94-7-203, R.C.M. 1947, relating to the criminal offense of false swearing.<br>(b) A capital investment in a building for an energy conservation purpose, to the extent provided under section 84-7403. | | |
| Class Nine. Varying percentages of assessed value ranging from 6% in the first year to 30% in the fifth year. The incremental increase in the value of real estate attributable to repairing, maintaining, or improving existing improvements. | Class Nine. New class. | Class Nine. Added in 1975 |
| Class Ten. 45 percent of assessed value. The annual gross proceeds of coal mines using the strip mining method. | Class Ten. New class. | Class Ten. This class, added in 1975 changes the taxation of strip mines from annual net proceeds to annual gross proceeds. |
| Class Eleven. 40 percent of assessed value. Centrally assessed utility allocations after deductions of locally assessed properties and except as provided in Class Two for rural telephones and Class Five (a) for cooperatives, and all other property not included in the ten (10) preceding classes. | Class Eleven. New class. | Class Eleven. Added in 1975. |

## Current Tax Exemption Law

(underlined material denotes changes made by the 1975 Legislature)

Exemptions from taxation. (1) (a) The property of the United States, the state, counties, cities, towns, school districts, municipal corporations, public libraries, buildings with land they occupy and furnishings therein owned by a church and used for actual religious worship and for residences of the clergy, together with adjacent land reasonably necessary for convenient use of such buildings owned by a church, such other property as is used exclusively for agricultural and horticultural societies, for educational purposes, hospitals and places of burial not used or held for private or corporate profit, and institutions of purely public charity evidence of debt secured by mortgages of record upon real or personal property in the state of Montana, and public art galleries and public observatories not used or held for private or corporate profit, are exempt from taxation, but no more land than is necessary for such purpose is exempt.

(b) As used in this subsection, the term "institutions of purely public charity" shall include organizations owning and operating facilities for the care of the retired or aged or chronically ill which are not operated for gain or profit; and the terms "public art galleries and public observatories" shall mean only such art galleries and observatories whether of public or private ownership, as are open to the public, without charge or fee at all reasonable hours, and are used for the purpose of education only.

(2) When a clubhouse or building erected by or belonging to any society or organization of honorably discharged United States soldiers, sailors or marines who served in army or navy of United States, is used exclusively for educational, fraternal, benevolent or purely public charitable purposes, rather than for gain or profit, together with the library and furniture necessarily used in any such building, <u>such property is exempt from taxation,</u> and all property, real or personal, in the possession of legal guardians of incompetent

## Tax Exemptions as of 1919

Exemptions. The property of the United States, the state, counties, cities, towns, school districts, municipal corporations, public libraries, such other property as is used exclusively for agricultural and horticultural societies, for educational purposes, places of actual religious worship, hospitals and places of burial not used or held for private or corporate profit, and institutions of purely public charity, evidences of debt secured by mortgages of record upon real or personal property in the State of Montana, and public art gallaries and public observatories not used or held for private or corporate profit, are exempt from taxation but no more land than is necessary for such purposes is exempt: Provided, that the terms public art gallaries and public observatories used in this Act shall mean only such art gallaries and observatories, whether of public or private ownership, as are open to the public, without charge or fee at all reasonable hours, and are used for the purpose of education only.

## Major Changes in Property Tax Exemption Law since 1919

1) 1931: Buildings erected or belonging to any society or organization of honorably discharged veterans used exclusively for educational, fraternal benevolent or charitable purposes.

2) 1931: All property of the legal guardians of incompetent veterans or their minor dependents where the property is derived from U.S. funds.

3) 1973: Freeport merchandise, and unprocessed fruits and vegetables in farm storage and owned by the producer.

4) 1974: Household goods.

5) 1975: Livestock under the age of nine months, moneys and credits, capital investments in nonfossil froms of energy generation, and all nonperishable unprocessed agricultural products except livestock, held in possession of the original producer for less than seven months following harvest.

veterans of the World War or minor dependents of such veterans, where such property is funds or derived from funds received from the United States as pension, compensation, insurance, adjusted compensation, or gratuity, shall be exempt from all taxation as property of the United States while held by the guardian, but not after title passes to the veteran or minor in his or her own right on account of removal of legal disability.

(3) All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family actually used by the owner for personal and domestic purposes, or for furnishing or equipping the family residence are exempt from taxation.

(4) Freeport merchandise shall be exempt from taxation. Freeport merchandise means those stocks of merchandise manufactured or produced outside this state which are in transit through this state and consigned to a warehouse or other storage facility, public or private, within this state, for storage in transit prior to shipment to a final destination outside the state, and which have acquired a taxable situs within the state.

Stocks of merchandise do not lose their status as freeport merchandise because while in the storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

Any person, corporation, firm, partnership, association, or other group seeking to qualify its property for inclusion in this class shall make application to the state department of revenue in such manner or form as may be required by the department.

(5) (The following agricultural products are exempt from taxation:)

(a) All unprocessed, perishable fruits and vegetables in farm storage and owned by the producer are exempt from taxation.

(b) All nonperishable unprocessed agricultural products except livestock, held in possession of the original producer for less than seven (7) months following harvest.

(c) Livestock, defined as cattle, sheep, horses, or mules, which have not attained the age of nine (9) months as of the last day of any month.

(6) Moneys and credits are exempt from taxation.

(7) A capital investment in a recognized nonfossil form of energy generation is exempt to the extent provided under section 84-7403.

# METHODS OF ASSESSMENT

## Class One - Net Proceeds of Mines Other Than Coal

Net proceeds of mines are computed by calculating the gross yield (value of the mine) in dollars and cents and subtracting from the gross value certain deductions.

In the case of mines or wells producing natural gas or petroleum the following deductions are allowed:

1) all royalties paid;
2) all moneys spent for necessary labor, machinery and supplies needed and used in the mining operation;
3) all moneys spent for improvements, repairs and betterments of the mine; and
4) all moneys spent for fire insurance and worker's compensation insurance and for payments to welfare and retirement funds.

For mines other than petroleum or natural gas the following deductions are allowed:

1-4) all of the above stated deductions allowed petroleum or natural gas wells;
5) all moneys spent for costs of repairs and replacements of the milling and reduction works used in connection with the mine;
6) depreciation in the sum of 6% of the assessed valuation of the milling and reduction works;
7) all moneys actually spent for transporting the ores and mineral products from the mines to the mill, reduction works, or place of sale;
8) all moneys spent for extracting the metals and minerals from the mine; and
9) all moneys spent for marketing the product.

The assessment of the net proceeds of mines may not be an accurate method of measuring the full cash, or market value, of mining property. The practice of deducting certain allowable expenses from the gross value of the mine and then taxing 100% of the remaining value (the net proceeds) may be more of a tax on income than an actual tax on property.

A tax on the gross value of mining property, determined by multiplying the market price of the mineral by the amount of the mineral mined, may be a more accurate measure of full cash value because the gross value is the full amount of cash that is actually received for the minerals that are extracted and sold from the mine.

## Personal Property - Classes Two, Three, Four, Five

The Revenue Department has continued the long established practice of equating the full cash value of personal property

to its average loan value. Loan value is not, however, a very accurate gauge of the full cash value of personal property because loan value is not the same as the dollar amount a person can expect to receive for sale of the goods in the market place. The Revenue Department does have available to them accurate retail and/or current market prices for almost all types of personal property. The ready availability of this information made it possible to accurately estimate the effective tax rates discussed in the report.

Personal property can be divided into the following three categories based on the methods used to determine full cash value or the dollar amount of the property to be assessed:

1) market value established by national guides (or book values);
2) market value established by depreciation schedules; and
3) market value established by some method other than the above.

Book Value Property

National guides that establish the market value of property are available for tractors and most large farm equipment, campers, construction machinery, automobiles, trucks, boats, motorcycles, snowmobiles, and aircraft. These guides are published annually and the market values established are based on actual sales transactions. Because the guides are constantly updated and are based on sales and other market transaction data their accuracy in establishing various market values is not questioned.

Depreciation Schedule Property

The loan value of personal property not included in national guides is determined through a depreciation schedule established by the Department of Revenue for that property. The depreciation schedule establishes the amount to be assessed by relating the loan value of the property to the original cost. For example, each year a percentage of the original cost of the property is taken to establish the amount of the property to be assessed and this amount is equal to the loan value of the property. Each year as the property gets older and therefore declines in value a smaller percent of the original cost is taken to establish the value of the property to be assessed.

Depreciation schedules are revised approximately every three years and are available for the following properties:

small farm machinery; construction machinery; oil field tools; machinery, equipment, and tools used in repair shops and other establishments; farm irrigation sprinkler systems; furniture and fixtures used in commercial activities; professional libraries; oil drilling

machinery; bowling alleys; oil service station equipment; and manufacturing and mining machinery.

The Revenue Department examines a variety of information before a depreciation schedule is finally developed and adopted. Those materials include:

1) national appraisal guides that are based on sales data;
2) information supplied by the International Association of Assessing Officers;
3) information from the revenue departments of other Western states; and
4) inflationary and life expectancy factors.

It is difficult to say whether or not the depreciation schedules are as accurate a reflection of the market value of personal property as are the book values. Since the development of the depreciation schedules is based on actual market transactions they are probably as accurate as is possible, but the fact that the depreciation schedules are not annually updated indicates that they would not be as accurate as the book values.

Other Personal Property

The full cash value of livestock, poultry, and grain is not established by national guide depreciation schedules. Small grains are assessed on the basis of a loan value per bushel as established by the United States Department of Agriculture. The full cash value of livestock and poultry, and other grains is based on actual market prices for these commodities.

Urban Real Property

The basis for assessment of all class four real property is 40% of full cash value. The full cash value is determined by individual appraisals made at the local level. However, these appraisals have not been accurate in determining the full cash value of these properties. This fact is verified by the sales ratio studies that have been conducted by the Revenue Department during the current year. These studies show that the appraisals made on class four real property are, on the average, closer to 25% of full cash value than to 40% of full cash value as required by law.

The average percentages of full cash value that the various kinds of real property are being assessed at is given below:

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|---|---|
| Single family residences: | 25% |
| Multi-family residences: | 25% |
| Commercial non-vacant: | 26.75% |
| Commercial vacant: | 28.65% |

No attempt has been made to determine the reason(s) for the underassessment or underappraisal of real property. Such underappraisals may be due to any one of the following reasons or any combination of the following:

1) improper methods used by the local appraisers to determine full cash value;
2) infrequency of reappraisal;
3) deliberate underappraisal in order to keep taxes from rising.

The assessment of industrial real property differs from other real property in that the local appraisers receive considerable assistance from the Revenue Department. Since large industrial properties are rarely sold there is no ready evidence to determine whether or not these appraisals accurately reflect the full cash value of the properties. The following method is used to appraise all industrial property, whether it is class four industrial property or some other class of industrial property:

1) new replacement cost is determined.
2) depreciation cost is subtracted.
3) any functional obsolescence is subtracted.
4) any economic obsolescence is subtracted.

Class Four -- Timberland

The cash value of timber and timberland for each county in the state is set forth in a valuation schedule that reflects the following factors:

For the taxation of timber:

1) tree species
2) size of timber
3) number of board feet per acre

For the taxation of timberland:

4) accessibility to roads
5) topography
6) market distance

According to the Revenue Department the first three of the above factors contribute the most to the total valuation schedule. The valuation schedule became effective in 1972 and is based on data gathered from 1967 to 1971. The valuation schedules will be reexamined in 1977.

Class Six -- Moneyed Capital and Shares of Banks

One hundred percent of full cash value is determined by summing the following first five variables and subtracting from this sum the remaining three variables:

+ Paid in capital by stockholders
+ Paid in surplus
+ Undivided profits
+ Net earnings to date
+ Appreciation in bond portfolios

- Debt reserves
- All other property that is assessed and has been taxed
- Depreciation in bond portfolios

Class Eleven -- Centrally Assessed Utility Allocations

Centrally assessed utility allocations refer to operating utility properties that are single and continuous and that cross county or state lines. These properties are appraised by the Department of Revenue by using a unit appraisal or assessment method. The unit rule of assessment, or appraisal, is a method whereby a unit (such as a utility) is appraised as a whole without regard to its constituent parts. The rationale behind this method is that any utility unit can produce income only if the individual units are part of the functioning whole, therefore, the value of the functioning unit may be more than the sum of the cost of the individual parts of the unit. In making the unit appraisals, the value of the following three factors is determined by:

1) income produced
2) total stock and bond value and
3) original cost of the property

The above factors are weighted and summed in order to compute a final value for the utility property. Once the total value of the company has been determined, the following steps are taken:

1) If the utility crosses a state line, a proportion of the total value of the utility is allocated to the state of Montana.
2) Forty percent of the total value of the Montana property is taken to establish the assessed value.
3) The value of any utility property that was appraised by the counties is subtracted from the assessed value. These properties include all real estate not included in rights-of-way, dams, power houses, depots, stations and other buildings erected upon the rights-of-way, and all machinery and other personal property.
4) The remaining assessed value is allocated to the counties according to each county's proportion of the total miles of the utility.

# MONTANA LAWS REQUIRING DETERMINATION OF MARKET VALUE

## Real Property

16-1009: in selling county property valued at over $1,000, the county commissioners must get an appraisal of the "fair market value" of the property.

26-104.6 & 32-3903: before selling land, the Fish and Game Commission must determine the market value of the land as well as before buying condemned land.

32-3911: before selling land, the Highway Department must secure an appraisal of its market value.

30-3110: for purposes of improvement district obligations, "market value" of real property is to be used.

40-3127: prior to acquisition of chattel mortgages, the property shall be appraised at market value.

50-815: compensation for residential property for open pit mining shall be fair market value or the value of similar property.

81-501: the State Board of Land Commissioners must determine the "fair market value" of coal reserves before issuing a coal mining lease.

81-801: in granting easements, the land shall be appraised at the "full market value" and compensation given on that basis (81-803).

81-1803: the State Board of Land Commissioners must secure "the full market value" of the property when renting land for a power site.

## Personal Property

3-221: grain warehousemen must set the market value of grain at the Board of Trade price on the day of receipt.

40-3112: for purposes of collateral loans, the market value of the property must be established.

40-3205: record market value of deposits shall be kept by the insurance commissioner.

17-317: market value shall be determined for compensation of damaged freight.

17-404: market value shall be determined in conversion of personal property in damage of wrongs cases.

BILL I

_____ BILL NO. _____

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE PROPERTY TAX SYSTEM BY GENERALLY REVISING AND RECODIFYING SECTIONS RELATING TO PROPERTY CLASSIFICATION AND TAXATION AND BY ESTABLISHING MARKET VALUE AS THE BASIS OF TAXATION, EXCEPT FOR CERTAIN CASES, AND ADJUSTING THE TAXABLE PERCENTAGE ACCORDINGLY; AMENDING SECTIONS 11-988, 11-1011, 11-1019, 11-1301, 11-1909, 11-1919, 11-2201, 11-2205, 11-2303, 11-3921, 11-4111, 14-307, 16-502, 16-807, 16-808, 16-1152, 16-1412, 16-2010.1, 16-4020, 32-3107, 46-1914, 53-114, 53-1025, 69-3504, 69-3923, 75-7104, 75-8104, 84-101, 84-401, 84-402, 84-404, 84-406, 84-602, 84-708.1, 84-728, 84-4605, 84-4701, 84-4701.2, 84-4713, 84-5103, 84-5211, 84-5214, 84-5216, 84-5406, 84-6008, 84-6102, 84-6103, 84-6205, 84-6407, 84-7403, 84-7513, AND 89-3403, R.C.M. 1947; AND REPEALING SECTIONS 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, AND 84-308, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 84-301.1 that reads as follows:

84-301.1. Classification of taxable property. For the purpose of taxation, the taxable property in the state shall be classified in accordance with 84-301.2 through 84-301.15.

Section 2. There is a new R.C.M. section numbered 84-301.2 that reads as follows:

84-301.2. Class one property -- description -- taxable percentage. (1) Class one property includes the right of entry which is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals. The market value of the right of entry is determined by the department of revenue.

(2) Class one property is taxed at 100% of its market value.

Section 3. There is a new R.C.M. section numbered 84-301.3 that reads as follows:

84-301.3. Class two property -- description -- taxable percentage. (1) Class two property includes:

(a) all agricultural and other tools, implements, and machinery;

(b) gas and other engines and boilers and threshing machines and outfits used therewith;

(c) automobiles, motor trucks, and other power-driven cars and vehicles of all kinds except mobile homes;

(d) boats and all watercraft;

(e) harness, saddlery, and robes;



LC 0110/01

(f) all property, except that included in class five, 84-301.6, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The average circuit miles for each station on the telephone communications system must be more than 1 1/4 miles to qualify for this classification.

(2) Class two property is taxed at 13% of its market value.

Section 4. There is a new R.C.M. section numbered 84-301.4 that reads as follows:

84-301.4. Class three property — description — percentage. (1) Class three property includes:

(a) livestock, poultry, and unprocessed products of both;

(b) furniture and fixtures used in commercial, office, and hotel activities, except improvements included in class nine.

(2) Class three property is taxed at 13% of its market value.

Section 5. There is a new R.C.M. section numbered 84-301.5 that reads as follows:

84-301.5. Class four property — description — taxable percentage. (1) Class four property includes:





(a) all land, except agricultural land meeting the qualifications of 84-437.2;

(b) all improvements, except those included in class five, eight, or nine;

(c) all trailers affixed to land owned, leased, or under contract for purchase by the trailer owner;

(d) all mobile homes, except:

(i) those held by a distributor or dealer of mobile homes as part of his stock in trade; and

(ii) those included in class eight;

(e) manufacturing and mining machinery, fixtures, and supplies, except those included in class five, seven, or eight.

(2) Class four property is taxed at 12% of its market value.

Section 6. There is a new R.C.M. section numbered 84-301.6 that reads as follows:

84-301.6. Class five property — description — taxable percentage. (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations as provided in (2)(a) of this section;

(b) all unprocessed agricultural products on the farm or in storage, except:

(i) all perishable fruits and vegetables in farm

storage and owned by the producer; and

(ii) livestock and poultry and the unprocessed products of both;

(c) a dwelling house and the lot on which it is erected, owned and occupied by a disabled veteran under the condition specified in (2)(b) of this section.

(2) (a) The property of all cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana is included in this class; except that when less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town are served by the cooperative organization, the property is included in class two.

(b) To be included in this class, a dwelling house and lot on which it is erected must be owned and occupied by a resident of the state:

(i) who has been honorably discharged from active service in any branch of the armed services; and

(ii) who is rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor. In the event of the veteran's death, the dwelling house and the lot on which it is erected shall remain in this class as long as the surviving sponse remains unmarried and the owner and occupant of the property.





(3) Class five property is taxed at 4.2% of its market value.

Section 7. There is a new R.C.M. section numbered 84-301.7 that reads as follows:

84-301.7. Class six property — description — taxable percentage. (1) Class six property includes moneyed capital and shares of banks.

(2) Moneyed capital is defined as moneys, bonds, notes, and other evidence of indebtedness, including evidence of indebtedness secured by mortgage on real or personal property, in the hands of individual citizens and corporations in competition with the business of national banks or employed in conducting a banking or investment business.

(3) In ascertaining the value of moneyed capital for taxation, any deposits and any indebtedness borrowed for use as moneyed capital are deducted from the amount of bonds, notes, and other evidence of indebtedness.

(4) In ascertaining the value of the shares of a national bank for taxation, the book value of all real estate owned by a bank is deducted from the value of the shares and assessed to the bank separately. The shares of banking corporations engaged in the banking business in Montana are assessed at 100% of book value, less the book value of the real estate, moneyed capital, and other

property of the bank that is assessed and taxed as the property of the bank.

(5) Class six property is taxed at 30% of its book value, with the exception of the surplus shown on the bank's books. The surplus, to the amount of the stated capital of the bank, is taxed at 7% of its book value. The amount of surplus in excess of the stated capital is taxed at 30%.

Section 8. There is a new R.C.M. section numbered 84-301.8 that reads as follows:

84-301.8. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

(a) business inventories as defined in this section;

(b) air pollution control equipment as defined in this section;

(c) all new industrial property as defined in this section;

(d) a capital investment in a recognized nonfossil form of energy generation, to the extent provided under 84-7403.

(2) "Business inventories" includes goods intended for sale or lease in the ordinary course of business and raw materials and work in progress with respect to such goods. Business inventories shall not include goods leased or rented or mobile homes held by a dealer or distributor as part of his stock in trade.





(3) "Air pollution control equipment" means facilities, machinery, or equipment, attached or unattached to real property, utilized to reduce, eliminate, control, or prevent air pollution. The department of health and environmental sciences shall determine if such utilization is being made.

(4) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, which is used by a new industry during the first 3 years of its operation. The property must not have been assessed prior to July 1, 1961, within the state of Montana.

(b) New industrial property is limited to industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

(c) New industrial property shall in no event include:

(i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(ii) a plant that will create adverse impact on existing state, county, or municipal services;

(iii) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

(5) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant or plants in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries.

(6) The department of revenue shall promulgate rules for the determination of what constitutes an adverse impact, taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Any person, corporation, firm, partnership, association, or other group seeking to qualify its property for inclusion in this class shall make application to the department of revenue in such a manner and form as the department requires. Once the department has made an initial determination that the industrial facility qualifies as new





industrial property, the department shall then, upon proper notice, hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing and may waive its objection to retention of this classification if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during the construction period. When prepayment of taxes is required, the maximum amount of prepayment shall be the amount of tax the industry would have paid without the application of the class seven percentage to such property.

(7) If a major new industrial facility qualifies under class seven, the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in 84-41-105 does not begin until the class seven qualification expires.

(8) Class seven property is taxed at 4.2% of its market value.

Section 9. There is a new R.C.M. section numbered 84-301.9 that reads as follows:

84-301.9. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) a capital investment in a building for an energy conservation purpose, to the extent provided under 84-7403;

(b) any improvement on real property, a trailer affixed to land, or a mobile home and appurtenant land not exceeding 5 acres, which together meet the following conditions:

(i) have a market value of not more than $27,500;

(ii) are owned or under contract for deed and are actually occupied for at least 10 months per year as the primary residential dwelling of:

(A) a widow or widower 62 years of age or older who qualifies under the income limitations of (C) of this section;

(B) a widow or widower of any age with dependent children who qualifies under the income limitations of (C) of this section; or

(C) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than $6,000 a year for a single person or $6,800 a year for a married couple.

(2) (a) A person applying for classification of property under this class must make an affidavit to the department of revenue on a form provided by the department without cost as to:

(i) his income, if applicable;

(ii) his retirement benefits, if applicable;

(iii) his marital status, if applicable; and





(iv) the fact that he maintains the land and improvements as his primary residential dwelling.

(b) The county welfare board may investigate the applicant as to the answers given on the form. For the purpose of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 94-7-203, relating to the criminal offense of false swearing.

(c) The assessed value of the property may not be increased during the life of the recipient of retirement benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling.

(3) Class eight property is taxed at 6% of its market value.

Section 10. There is a new R.C.M. section numbered 84-301.10 that reads as follows:

84-301.10. Class nine property — description — taxable percentage. (1) Class nine property includes the

incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements.

(2) Class nine property is taxed at:

(a) 2.4% of the market value for the first full year following completion of the repair, maintenance, or improving of existing improvements;

(b) 4.8% of the market value for the second full year following completion of the repair, maintenance, or improving of existing improvements;

(c) 7.2% of the market value for the third full year following completion of the repair, maintenance, or improving of existing improvements;

(d) 9.6% of the market value for the fourth full year following completion of the repair, maintenance, or improving of existing improvements; and

(e) 12% of the market value for the fifth full year and every year thereafter following completion of the repair, maintenance, or improving of existing improvements.

Section 11. There is a new R.C.M. section numbered 84-301.11 that reads as follows:

84-301.11. Class ten property — description — taxable percentage. (1) Class ten property includes:

(a) centrally assessed utility allocations after deductions of locally assessed properties, except as provided in:





(i) class two for rural telephones; and

(ii) class five for cooperatives;

(b) all other property not included in the nine preceding classes.

(2) Class ten property is taxed at 16% of its market value.

Section 12. There is a new R.C.M. section numbered 84-301.12 that reads as follows:

84-301.12. Class eleven property — description — taxable percentage. (1) Class eleven property includes the annual net proceeds of all mines and mining claims, except coal mines.

(2) Class eleven property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 84-5403.

Section 13. There is a new R.C.M. section numbered 84-301.13 that reads as follows:

84-301.13. Class twelve property — description — taxable percentage. (1) Class twelve property includes the annual gross proceeds of underground coal mines.

(2) Class twelve property is taxed at 33 1/3% of the annual gross proceeds.

Section 14. There is a new R.C.M. section numbered 84-301.14 that reads as follows:

84-301.14. Class thirteen property — description —

taxable percentage. (1) Class thirteen property includes the annual gross proceeds of coal mines using the strip-mining method.

(2) Class thirteen property is taxed at 45% of the annual gross proceeds.

Section 15. There is a new R.C.M. section numbered 84-301.15 that reads as follows:

84-301.15. Class fourteen property -- description -- taxable percentage. (1) Class fourteen property includes agricultural land, as defined in 84-437.2.

(2) Class fourteen property is taxed at 12% of its assessed value.

Section 16. Section 84-401, R.C.M. 1947, is amended to read as follows:

"84-401. ~~Property assessed at forty percent (40%) of its full cash value -- exceptions~~ Assessments, definitions, and exceptions. (1) All taxable ~~real~~ property ~~and improvements~~ must be assessed at ~~forty percent (40%)~~ 100% of its ~~full cash~~ market value except~~,~~ as provided in subsection (5) of this section.

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not





adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in classes one through ten, with the exception of class six. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in classes one through ten, with the exception of class six, is the percentage of market value established for each class of property in 84-301.2 through 84-301.11, excluding 84-301.7.

(5) The assessed value of properties in 84-301.7 and 84-301.12 through 84-301.15 is as follows:

(a) Property in 84-301.7, under class six, is assessed at 100% of book value, by the method established in 84-301.7, 84-4604, and 84-4605.

~~(1)~~(b) Properties in ~~section 84-301~~ 84-301.12, under ~~Class One~~ class eleven, ~~shall be~~ are assessed at ~~one hundred percent (100%) of full cash value~~ of the annual net proceeds after deducting the expenses specified and allowed by 84-5403.

(c) Properties in 84-301.13 and 84-301.14, under classes twelve and thirteen, are assessed at 100% of the annual gross proceeds.

~~(2)~~(d) ~~The assessment of agricultural lands shall be based upon~~ Properties in 84-301.15, under class fourteen, are assessed at 100% of the productive capacity of the lands

when valued for agricultural purposes. All lands that meet the qualifications of 84-437.2 ~~shall be~~ are valued as agricultural lands for tax purposes ~~that meet the qualifications of section 84-437.2, R.C.M. 1947~~.

(6) Land and the improvements thereon ~~shall be~~ are separately assessed when any of the following conditions occur:

(a) ~~when~~ ownership of the improvements is different from ownership of the land~~,~~;

(b) ~~when requested in writing by the taxpayer,~~ the taxpayer makes a written request; or

(c) ~~when~~ the land is outside an incorporated city or town.

(7) The taxable value of all property ~~shall be determined by sections 84-301 and 84-308~~ in classes eleven through fourteen is the percentage of assessed value established in 84-301.12 through 84-301.15 for each class of property."

Section 17. Section 11-988, R.C.M. 1947, is amended to read as follows:

"11-988. Power of cities and towns to acquire natural gas and distributing system ~~therefor~~. The city or town council has power to contract an indebtedness of a city or town upon the credit thereof by borrowing money or issuing bonds for the construction, purchase, or development of an





adequate supply of natural gas~~,~~ and to construct or purchase a system of gas lines for the distribution thereof to the inhabitants of ~~said~~ the city or town or vicinity~~;~~. ~~provided, that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~,~~. ~~and provided further, that no~~ No money ~~must~~ may be borrowed or bonds issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town~~,~~ affected thereby and the majority vote cast in its favor ~~thereof~~."

Section 18. Section 11-1011, R.C.M. 1947, is amended to read as follows:

"11-1011. Tax levy for band concerts. For the purpose of providing band concerts ~~as in this act provided~~, the council or other governing body in any town or city of the first, second, or third class~~,~~ or of any incorporated town~~,~~ may assess and levy, in addition to the levy for general municipal or administrative purposes, an amount not ~~exceeding~~ to exceed ~~one~~ 1 mill on the dollar on the ~~assessed~~ taxable value of the ~~taxable~~ property of the ~~said~~ city or

town subject to taxation."

Section 19. Section 11-1019, R.C.M. 1947, is amended to read as follows:

"11-1019. Operation of bus lines -- contracting indebtedness. Whenever a city or town is not being served by a bus company or operator, operating on a regular schedule, and under the jurisdiction of the public service commission or if such service ~~is to be or~~ is likely to be discontinued in the immediate future, the city or town council of any incorporated city or town ~~shall have the power to~~ may contract an indebtedness of any such city or town upon the credit thereof by borrowing money or issuing bonds for the purchase, development, operation, or leasing of motor buses and bus lines for the transportation of passengers within the corporate limits of such cities and towns, and to operate the same to any point or points beyond ~~said~~ these limits not to exceed ~~eight (8)~~ miles, measured along the route of ~~said~~ the bus line~~;~~. ~~provided that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, ~~must~~ may not at any time exceed ~~five per centum (5%)~~ 18% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~;~~. ~~and provided further, that no~~ No money ~~must~~ may be borrowed or bonds





issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town, and the majority vote cast in its favor ~~thereof~~."

Section 20. Section 11-1301, R.C.M. 1947, is amended to read as follows:

"11-1301. Presentation of claims -- limitation of actions. All accounts and demands against a city or town must be presented to the council duly itemized. All claims against a city or town shall contain the following statement: "I certify that this claim is correct and just in all respects, and that payment or credit has not been received." Claims need not be accompanied by affidavit by the party or his agent. These claims must be presented with all necessary and proper vouchers, within ~~one (1)~~ year from the date the same accrued~~;~~. ~~and any~~ Any claim or demand not so presented within ~~the~~ this time ~~aforesaid~~ is forever barred, and the council has no authority to allow any account or demand not so presented~~;~~. ~~nor must any~~ No action may be maintained against the city or town for or on account of any demand or claim against the ~~same~~, city or town until such demand or claim has first been presented to the council. ~~for action thereon; provided, however, that in~~ In case the total indebtedness of a city or town has reached ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~

taxable value of the ~~taxable~~ property of ~~such~~ the city or town~~,~~ subject to taxation as ascertained by the last assessment for state and county taxes, ~~it shall be lawful for, and such~~ the city or town ~~is hereby authorized and empowered, to~~ may conduct its affairs and business on a cash basis as provided ~~and contemplated~~ by ~~the next section of this code~~ 11-1302."

Section 21. Section 11-1909, R.C.M. 1947, is amended to read as follows:

"11-1909. Levy of tax for volunteer fire departments. For the purpose of supporting volunteer fire departments in any city or town which does not have a paid fire department~~,~~ and for the purpose of purchasing the necessary equipment ~~therefor~~ for them, the council in any city or town~~,~~ may ~~assess and~~ levy, in addition to other levies permitted by law, a special tax not exceeding ~~two (2)~~ mills on each dollar of the ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town ~~and, provided, further, that the words "assessed valuation" as used in this section shall be the percentage of the true and full valuation of the taxable property provided in section 84-302 and shall not be deemed to be the true and full valuation of such property~~ subject to taxation."

Section 22. Section 11-1919, R.C.M. 1947, is amended to read as follows:





"11-1919. State auditor to pay fire department relief association out of premium taxes collected from insurance companies. (1) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every such~~ the city or town~~,~~ ~~entitled by law to receive the same, out of the premium taxes on insurance risks enumerated in subsection (6) collected by him,~~ an amount equal to ~~ten per centum (10%)~~ of the total annual compensation paid by such city or town to its paid or part-paid firemen for services in the previous calendar year. This amount is paid out of the premium taxes on insurance risks enumerated in subsection (6) and collected by the state auditor. The city clerk of each such city or town shall certify in writing to the state auditor, on or before April 1 of each year, the amount ~~so~~ paid by ~~such~~ the city or town as compensation for services to paid or part-paid firemen.

(2) ~~In the event of a disaster resulting in the death or injury sufficient to draw pension of ten percent (10%) of the active force~~ When 10% of the active force, due to a disaster, suffers injury or death sufficient to draw pension and ~~when~~ the fund of ~~such~~ the fire department relief association after receiving all moneys as designated in

~~section~~ 11-1911 and ~~section~~ 11-1912 and the ~~ten percent (10%)~~ of annual compensation as designated in this chapter does not show at least the ~~one (1)~~ mill growth as referred to in ~~section~~ 11-1912, then the treasurer of such relief association shall request and the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every~~ the city or town entitled to receive the same, ~~out of the premium tax collected by him,~~ an additional amount to show at least the ~~one (1)~~ mill growth referred to in ~~section~~ 11-1912. This amount is paid out of the premium tax collected by the state auditor.

(3) In the event a city of the first or second class is not entitled to receive a sum equal to ~~forty-five one hundredths (45/100)~~ 1 1/2 mills of its total ~~assessed valuation~~ taxable value under the foregoing method of computation, then~~, in that event,~~ the fire department relief association of that city shall receive its money in the same manner as provided below for cities of the third class.

(4) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or town, except cities or towns of the first or second class, for the use and benefit of the fire department relief association legally existing in every such city or town





entitled by law to receive the same, his warrant for an amount equal to ~~forty-five one hundredths (45/100)~~ 1 1/2 mills of the total ~~assessed valuation~~ taxable value of the city or town. This amount is to be paid from premium taxes, after deducting cancellations and return premiums, collected by the state auditor~~, ex officio insurance commissioner,~~ from insurers authorized to effect insurance on risks enumerated in subsection (6) of this section, ~~as said~~ to which the cities or towns are each severally entitled ~~to~~.

(5) ~~The legally organized and existing fire department relief associations in~~ In all cities or towns where the taxes on premiums collected and distributed pursuant to subsection (4) above ~~is~~ are insufficient to make an amount equal to ~~one hundred dollars ($100)~~, the fire department relief association shall receive ~~such~~ an additional amount from the total taxes on premiums collected from insurers ~~authorized to effect insurance against~~ of the risks enumerated in subsection (6) of this section as may be necessary to make the total amount received by ~~said~~ the fire department relief association equal ~~to the sum of one hundred dollars ($100)~~.

(6) The risks referred to in subsection (4) ~~above,~~ are ~~enumerated as follows~~:

(a) ~~Insurance~~ insurance of ~~houses, buildings, and~~ all ~~other kinds of~~ property and goods against loss or damage by

fire or other casualty~~,~~; ~~and all kinds of insurance on goods, merchandise, or other property in the course of transportation, whether on land or water or air~~;

(b) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine and inland navigation and transportation perils;

(c) insurance of growing crops against loss or damage resulting from hail or the elements;

(d) insurance against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus;

(e) ~~and~~ insurance against loss or legal liability for loss ~~because of damage to property~~ caused by ~~the use of~~ teams or vehicles; and ~~whether by accident or collision or by explosion of any engine or tank or boiler or pipe or tire of any vehicle, and also including~~

(f) insurance against theft of the whole or any part of any vehicle."

Section 23. Section 11-2201, R.C.M. 1947, is amended to read as follows:

"11-2201. Special improvements -- powers of city council. (1) All streets, alleys, places, or courts in the municipalities of this state, now open or dedicated~~,~~ or which may hereafter be opened or dedicated to public use, ~~shall be deemed and held to be~~ are open public streets,





alleys, places, or courts~~,~~ for the purposes of this chapter, and the city council of each municipality ~~is hereby empowered to~~ may establish and change the grades of ~~said~~ the streets, alleys, places, or courts~~,~~ and fix the width thereof~~,~~ and ~~is hereby invested with jurisdiction to~~ may acquire private property for ~~right of way~~, right-of-way and ~~to~~ order to be done any of the work mentioned in this chapter under the proceedings hereinafter described.

~~Further, that in addition to the powers heretofore granted, when~~ (2) When the public interest or convenience requires, the governing body of a municipality may:

~~(1)~~(a) ~~Establish~~ establish pedestrian malls~~;~~

~~(2)~~(b) ~~Prohibit~~ prohibit, in whole or in part, vehicular traffic on a pedestrian mall~~;~~

~~(3)~~(c) ~~Pay~~ pay, from general funds of the municipality or other available moneys or from the proceeds of assessments levied on lands benefited by the establishment of a pedestrian mall, the damages, if any, allowed or awarded to any property owner by reason of the establishment of a pedestrian mall~~;~~ ~~provided that the~~ The resolution of intention ~~contains~~ must contain a statement that an assessment will be levied to pay the whole or a stated portion of such damages, if any, allowed or awarded to any property owner by reason of the establishment of such pedestrian mall~~;~~

~~(4)~~ (d). ~~Construct~~ construct improvements on public streets ~~which~~ that have been or will be established as a pedestrian mall, ~~improvements of any kind or nature necessary or convenient to the operation of such streets as a pedestrian mall,~~ including but not limited to paving, sidewalks, curbs, sewers, covered walkways or areas, air conditioning, drainage works, street lighting facilities, fire protection facilities, flood protection facilities, water distribution facilities, vehicular parking areas, retaining walls, landscaping, tree planting, statuary, fountains, decorative structures, benches, rest rooms, child care facilities, display facilities, information booths, public assembly facilities, and other structures, works, or improvements necessary or convenient to serve members of the public using such pedestrian mall, including the reconstruction or relocation of existing municipally owned works, improvements, or facilities on such streets. ~~Such~~ The improvements or structures may be attached to abutting private buildings or structures, provided that ~~such~~ the improvements or structures ~~shall be~~ are located on public property.

~~(a)~~ (3) ~~It is further provided that in addition to the purposes for which an improvement district may be formed, as heretofore set forth, an~~ An improvement district may also be formed for the sole purpose of ~~the operation, maintenance,~~





~~repair and improvements of~~ operating, maintaining, repairing, and improving pedestrian malls, off-street parking facilities, and parkings and parkways.

~~(b)~~ (4) Subject to the powers granted and the limitations contained in this section, the powers and duties of the municipality and the procedure to be followed ~~shall be~~ are as provided in this ~~article~~ chapter for other types of special improvement districts.

~~(c)~~ (5) If a petition for the formation of an improvement district under the provisions of this section is presented to the governing body purporting to be signed by all of the real property owners in the proposed district, exclusive of mortgagees and other lien holders, the governing body, after verifying such ownership and making a finding of ~~such~~ the fact, shall adopt a resolution of intention to order the improvement ~~pursuant to the provisions of section~~ as provided in 11-2204, and shall have immediate jurisdiction to adopt the resolution ordering the improvement pursuant to the following provisions, without the necessity of the publication and posting of the resolution of intention provided for in ~~section~~ 11-2204.

~~(d)~~ (6) The governing body shall make annual statements and estimates of the expenses of the district, which shall be provided for by the levy and collection of ad valorem taxes upon the ~~assessed~~ taxable value of all the real and

personal property in the district, shall publish notice thereof, and shall have hearings ~~thereon~~ on the statements and estimates and adopt them ~~at the times and in the manners~~ as provided for incorporated cities and towns by ~~the applicable portions of sections~~ 11-2204 and 11-2206. The governing body, on or before the second Monday in August of each year, shall fix, levy, and assess the amount to be raised by ad valorem taxes upon all of the property of the district. All statutes providing for the levy and collection of state and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, shall be applicable to the district taxes provided for under this section.

~~(c)~~(7) An improvement district formed for the purposes of establishing a pedestrian mall or off-street parking may be financed in accordance with the provisions of ~~section~~ 11-2214~~, R. C. M. 1947,~~ and~~/or~~ in accordance with the methods of financing set forth for the construction of water or sewer systems as set forth in ~~section~~ 11-2218~~, R. C. M. 1947~~.

~~(5)~~(8) ~~Create~~ The governing body may create special lighting districts on any street or streets or public highway ~~therein or portions thereof~~ for the purposes of lighting ~~such street or streets or public highway and is hereby empowered to~~ them and assess ~~such~~ the costs for





installation and maintenance to property abutting thereto and ~~to~~ collect ~~such~~ the costs by special assessment against ~~said~~ the property.

(9) Further, ~~that in addition to the powers heretofore granted,~~ the city or town council ~~is empowered to~~ may make assessments in the manner provided in ~~section~~ 11-2245 ~~hereafter~~ on property abutting ~~said~~ the street or highway and lying outside the boundaries of ~~said~~ the city or town, ~~so~~ as long as that portion of the street or public highway to be lighted is adjacent to the boundary line of ~~said~~ the city or town, ~~or~~ lies partially within ~~said~~ the city or town, or extends from one point within ~~said~~ the city or town to another point within ~~said~~ the city or town."

Section 24. Section 11-2205, R.C.M. 1947, is amended to read as follows:

"11-2205. Assessment of extended district including lots not fronting on improvement. Whenever the contemplated work of improvement, in the opinion of the city council, is of more than local or ordinary public benefit, or whenever, according to estimates furnished by the city engineer, the total estimated costs and expenses thereof would exceed ~~one-half~~ 1/5 of the total ~~assessed~~ taxable value of the lots and lands ~~assessed, if assessed upon the lots or lands~~ fronting upon said proposed work or improvement, according to the valuation fixed by the last assessment roll, ~~thereon~~

~~it was assessed for taxes for municipal purposes,~~ the city council may ~~make~~ charge the expenses of ~~such~~ the work or improvement ~~chargeable upon~~ to an extended district ~~and which~~ that may include other lots not fronting on the improvement, and which the ~~said~~ city council ~~shall,~~ in its resolution of intention, ~~declare~~ declares to be the district benefited by ~~said~~ the work or improvements ~~and to be assessed to pay the costs and expenses thereof~~."

Section 25. Section 11-2303, R.C.M. 1947, is amended to read as follows:

"11-2303. Limitation on amount of indebtedness. No city or town ~~shall~~ may issue bonds for any purpose in an amount which, with all outstanding and unpaid indebtedness, will exceed ~~five per centum (5%)~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, to be ascertained by the last assessment for state and county taxes~~; provided, however, that for~~ For the purpose of constructing a sewerage system, ~~or~~ procuring a water supply, or constructing or acquiring a water system for a city or town, which shall own and control ~~such~~ the water supply and water system and devote the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds. The additional total indebtedness ~~which~~ that may be incurred by borrowing money or issuing bonds for the construction of





a sewerage system, ~~or~~ for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted, which is unpaid or outstanding, ~~shall~~ may not in the aggregate exceed ~~ten per centum (10%)~~ over and above the ~~five per centum (5%)~~ 18% heretofore referred to, of the total taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds ~~shall~~ is not ~~be deemed~~ the incurring of a new or additional indebtedness, but ~~shall be deemed~~ is merely the changing of the evidence of outstanding indebtedness."

Section 26. Section 11-3921, R.C.M. 1947, is amended to read as follows:

"11-3921. Allocation of taxes. (1) Any urban renewal plan, as defined in ~~section~~ 11-3901, may contain a provision or be amended to contain a provision providing that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, any city, county, or other political subdivisions for which taxes are levied, ~~(hereafter referred to as taxing bodies)~~ shall be allocated, after the effective date of such provision as provided in subsections (3) and (4) of this section.

(2) For the purposes of this section,:

(a) "prior ~~assessed~~ taxable value" means the ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation as shown on the assessment roll last equalized prior to the effective date of the urban renewal plan~~.~~, ~~notwithstanding~~ Notwithstanding the provisions of this act, any increase resulting from a comprehensive revaluation of all property within the county may be applied to the property for the purpose of determining the "prior ~~assessed~~ taxable value"~~.~~.

(b) the word "taxes" includes~~,~~ but is not limited to~~,~~ all levies on an ad valorem basis upon land or real property~~.~~;

(c) "taxing body" is any city, county, or other political subdivision for which taxes are levied.

(3) The portion of taxes produced by levies ~~for a taxing body~~ upon the total sum of the prior ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation shall be allocated and paid into the funds of the taxing body like taxes paid by or for the taxing body on all other property. For the purpose of allocating taxes levied by a taxing body that did not include the urban renewal area on the effective date of the provision allocating the taxes but to which the urban renewal area has since been annexed or otherwise included, the assessment roll of the county last equalized prior to





the effective date of the provision shall be used in determining the prior ~~assessed~~ taxable value.

(4) The portion of taxes levied by ~~such~~ the taxing body each year in excess of the amount levied under subsection (3) shall be paid by the county treasurer into a special fund held by the city treasurer to pay the principal and interest on bonds issued under authority of ~~section~~ 11-3910, except that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual ~~assessed valuation~~ taxable value of all property in the urban renewal area exceeds the prior ~~assessed~~ taxable value of all taxable property within such area, the actual ~~assessed~~ taxable value of all property shall be used for taxation purposes.

(5) The portion of taxes allocated in subsection (4) above~~,~~ and the special fund into which they are paid~~,~~ may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of ~~section~~ 11-3910~~,~~ or bonded indebtedness~~,~~ incurred by a municipality to refinance in whole or in part~~,~~ the urban renewal project. Prior to the sale of any bonds, there shall be ~~(a)~~ an election under ~~sections~~ 11-2308 and 11-2309 approving such sale~~,~~ or ~~(b)~~ a petition for the sale signed by the owners of

record of at least ~~fifty-one percent (51%)~~ of the land within the urban renewal district.

(6) After all bonds and interest have been paid, all ~~conies~~ moneys received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property."

Section 27. Section 11-4111, R.C.M. 1947, is amended to read as follows:

"11-4111. Levy authorized — uses — restrictions. (1) Upon an affirmative vote of a majority of the qualified voters voting in a city, county, or town on the question of whether the governing body may levy a tax for economic development, the governing body of that city, county, or town is authorized to levy in any one election up to ~~one (1)~~ mill upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in the county, city, or town subject to taxation for the purpose of economic development, for a period not to exceed ~~five (5)~~ years~~, by any one election~~.

(2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing buildings to house manufacturing and processing operations, conducting preliminary feasibility studies, promoting economic development opportunities in a particular area, and other activities generally associated with economic development. These funds may not be used to directly assist an industry's





operations by loan or grant ~~nor~~ or to pay the salary or salary supplements of government employees.

(3) The governing body of the county, city, or town may use the funds derived from this levy to contract with local development companies~~,~~ and other associations or organizations capable of implementing the economic development function."

Section 28. Section 14-307, R.C.M. 1947, is amended to read as follows:

"14-307. Lien of corporate indebtedness upon membership lands. ~~From and after~~ After the date of the inclusion of any land or property as a member ~~thereof~~ in any corporation~~,~~ or district~~,~~ organized under the provisions ~~hereof~~ of this section, all mortgage or bonded indebtedness ~~thereafter~~ created by such corporation~~,~~ or district~~, shall be deemed~~ is a first lien upon ~~such~~ the membership lands~~,~~ to ~~the~~ an extent ~~of~~ not to exceed ~~five per cent~~ 18% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is grazing or agricultural~~,~~ and not to exceed ~~ten per cent~~ 36% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is horticultural or vegetable-producing ~~lands~~. The recording of the copy of the articles of incorporation~~,~~ or petition to become a member of such corporation~~,~~ or district~~, shall be~~ is notice to all subsequent lien claimants that ~~such~~ the lands are subject to

a first lien, ~~of not to exceed the amount specified herein; provided,~~ However, nothing ~~herein shall~~ in this section may be construed as placing a limit upon the indebtedness that may be made a lien against any of the corporate or property assets of the corporation, or district, as distinguished from membership lands individually owned, ~~and included therein for the purposes hereof~~."

Section 29. Section 16-502, R.C.M. 1947, is amended to read as follows:

"16-502. Basis of taxation upon creation of new county -- terms used in law defined. For the porposes of this act, the assessed valuation of all property, whether included within the boundaries of a proposed new county, or remaining within the boundaries of any existing county or counties from which territory is taken, shall be fixed and determined on the same basis as is used for the imposition of taxes in the state of Montana, ~~to wit: By taking that percentage of the true and full value of all taxable property in any county specified by section 84-302~~.

~~Whenever in this act the term "assessed valuation" or "valuation based on the last assessment roll" is used, said terms shall be construed as meaning taxable valuation determined as herein provided, not the full and true valuation of property.~~"

Section 30. Section 16-807, R.C.M. 1947, is amended to





read as follows:

"16-807. Limit of indebtedness. No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding ~~five per centum~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness, ~~and all~~ All bonds or obligations in excess of such amount given by or on behalf of ~~such~~ the county are void. No county may incur ~~any~~ indebtedness or liability for any single purpose to an amount exceeding ~~forty thousand dollars ($40,000)~~ without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in ~~sections~~ 16-1407.1 and 16-1407.2."

Section 31. Section 16-808, R.C.M. 1947, is amended to read as follows:

"16-808. Counties indebted beyond constitutional limit may operate on cash basis. ~~That is~~ In case the total indebtedness of a county, lawful when incurred, ~~by reason of great diminution of assessed value~~ exceeds the limit of ~~five per centum (5%)~~ 18%, by reason of great diminution of taxable value, ~~it shall be lawful for said~~ the county ~~and it is hereby authorized and empowered to thereafter manage and~~ may conduct its business affairs on a cash basis and pay the

reasonable and necessary current expenses of ~~said~~ the county out of the cash in the county treasury and derived from its current revenue~~,~~ and under such restrictions and regulations as may be imposed by the board of county commissioners of ~~said~~ the county by a resolution duly adopted and ~~spread upon~~ included in the minutes of ~~said~~ the board~~.~~. ~~provided, however, that nothing herein shall restrict~~ Nothing in this section restricts the right of ~~said~~ the board to make the necessary tax levies for interest and sinking fund purposes, and ~~provided further that~~ nothing ~~herein shall affect~~ in this section affects the right of any creditor of ~~said~~ the county to pursue any remedy now given him by law to obtain payment of his claim."

Section 32. Section 16-1152, R.C.M. 1947, is amended to read as follows:

"16-1152. Tax levy for payment of warrants. The board of county commissioners shall annually determine the amount of ~~such~~ the warrants drawn on the general fund for the purposes of controlling insect pests under a cropland spraying program approved by the department of agriculture~~,~~. ~~and~~ In the succeeding year, the board shall levy a tax for the purpose of insect pest extermination sufficient ~~in amount~~ to reimburse ~~said~~ the general fund for the money ~~so~~ paid out on ~~such~~ the warrants~~,~~. ~~which said~~ The tax shall be levied upon all the property in the county and shall not





exceed ~~three (3)~~ mills on each dollar of ~~assessed valuation~~ taxable value. If there ~~be~~ is no money in the general fund with which to pay such warrants, they shall be registered and bear interest in the same manner as other county warrants~~,~~. ~~but in such~~ In this case the interest shall be computed and added to the amount for which such tax is levied."

Section 33. Section 16-1412, R.C.M. 1947, is amended to read as follows:

"16-1412. Budget for district fairs -- consideration by county commissioners -- tax levy -- district fair fund -- expenditures. (1) ~~Aside from the revenue derived from annual fairs or other exhibitions conducted, the necessary revenue shall be raised as follows: The~~ To raise the revenue necessary to hold district fairs, the board of directors shall meet during the first week of May of each year~~,~~ and ~~shall~~ make a budget of the amounts required in the conduct of the affairs of the district~~,~~ for the following year. ~~and~~ The board shall deduct ~~therefrom~~ from the budget the probable income from the annual district fair and other exhibitions to be held by ~~said~~ the district during the following year~~,~~ and shall then apportion the remaining balance among the various counties forming ~~said~~ the district in proportion to the assessed property of each county as determined by the assessment rolls of the preceding year~~.~~

~~save in the case of~~ By mutual agreement of the directors, the share apportioned to the county in which the fair is being conducted~~, in which county the levy may, by mutual agreement of the directors,~~ may be made larger than in other counties comprising the district~~,~~ ~~and the~~ The secretary shall certify to each board of county commissioners the amount of ~~said~~ the budget and the amount of revenue to be raised by ~~such~~ the county for ~~such~~ these purposes~~,~~ and shall file a certified copy thereof with the clerk of the board of county commissioners of each of the counties in ~~said~~ the district on or before ~~the first day of~~ June 1 of each year. The respective boards of county commissioners of the counties comprising ~~said~~ the district~~,~~ shall meet in joint assembly with their county fair commissioners during the first week of June of each year and ~~shall~~ jointly consider the budget proposed by the board of directors of the district~~,~~ and ~~shall~~ give such approval or suggest such amendments or modifications as ~~to them may seem~~ they think proper and desirable.

(2) If the county commissioners ~~shall~~ fail to hold ~~such~~ the joint meeting~~,~~ or ~~shall~~ fail to take any action, then the budget~~,~~ certified by the secretary of the fair district shall be~~,~~ without further action~~,~~ ~~deemed~~ approved~~,~~ and the sums of money apportioned to the county shall be the sums to be raised by special levy for ~~said~~ this purpose. For





the purpose of raising the ~~aforesaid~~ revenues, the board of county commissioners of each county in the district shall annually make a levy to raise the required sum apportioned to the respective counties~~:~~, ~~provided however that~~ However, the ~~said~~ levy shall not exceed ~~one (1)~~ mill on the dollar of the ~~assessed valuation~~ taxable value of all the taxable property in the county~~:~~, except in the case of the county in which the fair is being conducted~~,~~ ~~in which~~ In this county, the levy shall not exceed ~~one and one half (~~1 1/2~~)~~ mills on the dollar of taxable property in the county~~:~~, ~~in~~ In addition ~~thereto~~ to this levy, any and all moneys available ~~to~~ for the holding of county fairs may be allotted and transferred to the use of the district fair as the respective county fair commissioners may elect~~:~~, ~~the~~ The funds available to a district fair shall, on the first Monday in August or as soon thereafter as may be possible, be deposited with the county treasurer of the county in which the district fair is to be held and ~~by him and~~ credited to a fund to be known as the district fair fund, held and paid out in the same manner as the county fair fund, except that it shall be paid out on district fair board warrants signed by the chairman or the vice-chairman and the secretary of the district fair board~~:~~, ~~provided that the~~ The treasurer of the county in which the district fair ~~shall~~ will be held shall carry the moneys received from the

various counties in the district in the regular county fair fund in the same manner as regular county fair moneys, payable, however, only on district fair warrants."

Section 34. Section 16-2010.1, R.C.M. 1947, is amended to read as follows:

"16-2010.1. Limit on city-county consolidated indebtedness. No city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, ~~will~~ may exceed ~~seven and one-half percent (7 1/2%)~~ 27% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes~~;~~. ~~provided, however, that~~ However, for the purpose of constructing a sewerage system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government, which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds. The additional indebtedness, which may be incurred by borrowing money or issuing bonds for the construction of a sewerage system, or for the procurement of a water supply, or for both such purposes, ~~including all indebtedness theretofore contracted which is unpaid or outstanding,~~ may not in the aggregate





exceed ~~ten percent (10%),~~ over and above the ~~seven and one-half percent (7 1/2%)~~ 27% heretofore referred to, of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness, but is merely the changing of the evidence of outstanding indebtedness."

Section 35. Section 16-4020, R.C.M. 1947, is amended to read as follows:

"16-4020. Disposal of property -- leasing -- sale. (1) Each county to which any part of an abandoned and abolished county is attached ~~and made a part and becoming~~ becomes the owner under the provisions of this act of the real and ~~any~~ tangible personal property of ~~as~~ the abandoned and abolished county and may use all of ~~such~~ this property for county purposes, ~~or~~ may lease any of ~~such~~ this real estate, or may sell any of ~~such~~ the real estate or personal property.

(2) ~~provided that no such~~ No personal property having a value in excess of ~~one hundred dollars ($100.00) shall be sold unless the same~~ may be sold unless it has been appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers, ~~residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned

and abolished county~~,~~ and who were appointed by the judge of the district court to which the county succeeding to the ownership of ~~such~~ the property is attached, on petition of the board of county commissioners thereof~~,~~ ~~and no~~ No sale of any ~~such~~ personal property ~~shall~~ may be made except at public sale after notice or for a price less than ~~ninety per centum (90%)~~ of ~~such~~ the appraised value.

~~(2)~~ (3) No ~~such~~ real property ~~shall~~ may be leased unless the board of county commissioners ~~shall present~~ presents to the judge of the district court to which the county is attached a petition describing the real estate, with any improvements thereon, and setting forth the terms of the proposed lease~~,~~ ~~and the same~~ The petition shall be approved by ~~such~~ the judge~~, which approval shall be endorsed on such petition~~ and filed in the office of the clerk of ~~said~~ the county.

~~(3)~~ (4) No real estate ~~shall~~ may be sold by ~~said~~ the board of county commissioners unless the ~~same~~ property has been appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers ~~residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned and abolished county~~,~~ and who were appointed by the judge of the district court to which the county is attached, on petition of the board of county commissioners of such county~~,~~ ~~and every such~~ Every sale of real estate





shall be made at public sale~~,~~ and notice ~~of such sale~~ shall abolished county~~,~~ such moneys shall be applied in payment of such warrants and interest;

(b) if there are no ~~such~~ warrants outstanding but district bonds have been issued under the provisions of subdivision (b) of ~~section~~ 16-4016~~,~~ then ~~such~~ the moneys shall be deposited in the sinking and interest fund for ~~such~~ district ~~bond~~ bonds;

(c) if there ~~be~~ are no ~~such~~ district bonds outstanding~~,~~ then ~~such~~ the moneys shall be deposited to the credit of the sinking and interest funds for bonds issued and outstanding when the abandoned and abolished county ceased to exist~~,~~; and

(d) if there ~~be~~ are no ~~such~~ bonds outstanding ~~and unpaid~~, then ~~such~~ the moneys shall be apportioned to all of the counties to which parts of the abandoned county were attached in the proportion which the ~~assessed valuation~~ taxable value of the property in each ~~such~~ part on ~~the first day of~~ January 1 immediately preceding the abandonment bears to the ~~assessed valuation~~ taxable value of all the property in ~~such~~ the abandoned county~~.~~ ~~and~~ The apportioned moneys shall be deposited in ~~such~~ the funds of ~~such~~ each county as the boards of county commissioners of ~~such~~ the counties may direct."

Section 36. Section 32-3107, R.C.M. 1947, is amended

to read as follows:

"32-3107. Report of county road superintendent -- order creating district. (1) At the next annual meeting of the board after the road superintendent has completed surveying the road and making estimates, he shall make a detailed report. ~~(a)~~ The report shall state that the maps, descriptions, plans, specifications, and details and estimates of damages, costs, and expenses have been completed.

(2) The whole amount of damages, costs, and expenses shall not exceed ~~fifty per cent (50%)~~ 135% of the total ~~assessed valuation~~ taxable value of the parcels of land in the district, as determined from the last annual assessment roll of the county. If it does not, the board shall make and enter upon the report an order that the road be made.

(3) That order shall create the local improvement district to be known and designated as local improvement district No. .... in .... county, Montana. Copies of the report shall be kept in the offices of the board and road superintendent."

Section 37. Section 46-1914, R.C.M. 1947, is amended to read as follows:

"46-1914. Levy of tax for purpose of paying for destruction of wild animals -- limitation on levy. The department of revenue shall annually prescribe the levy





recommended by the department to be made against livestock of all classes, for paying for the destruction of wild animals killed in this state. The tax in any one year may not exceed ~~one and one half (1 1/2)~~ mills on the ~~assessed valuation~~ taxable value of the livestock. The money received shall be used only for the payment of claims for the destruction of wild animals and for the administration of this act, approved by the department. The money received for the taxes levied shall be sent annually with other taxes ~~for state purposes~~ to the state treasurer by the county treasurer of each county. ~~and when~~ When the money is received by the state treasurer, it shall be placed in the earmarked revenue fund, and ~~the money~~ may then be paid out on claims approved under the law governing the payment of claims."

Section 38. Section 53-114, R.C.M. 1947, is amended to read as follows:

"53-114. Application for registration of motor vehicles and payment of license fees thereon -- assessment of motor vehicles in the stock of licensed motor vehicle dealers as merchandise. (1) Every owner of a motor vehicle operated or driven upon the public highways of this state shall, for each motor vehicle owned, except as herein otherwise expressly provided, file, or cause to be filed, in the office of the county treasurer ~~wherein~~ where ~~such~~ the

motor vehicle is owned or taxable~~,~~ an application for registration~~,~~ or reregistration~~,~~ upon a blank form to be prepared and furnished by the registrar of motor vehicles~~,~~ ~~which~~ The application shall contain:

(a) ~~Name~~ name and address of owner, giving county, school district, and town or city within whose corporate limits the motor vehicle is taxable~~;~~;

(b) ~~Name~~ name and address of conditional sales vendor, mortgagee, or holder of other lien against ~~said~~ the motor vehicle, with statement of amount owing under such contract or lien~~;~~;

(c) ~~Description~~ description of motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, type of body, and~~,~~ if truck, the rated capacity~~;~~;

(d) ~~In~~ in case of reregistration, the license number for the preceding year~~;~~; and

(e) ~~Such~~ such other information as the registrar of motor vehicles may require.

(2) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ shall before filing such application with the county treasurer submit the same to the county assessor of ~~said~~ the county. ~~and said~~ The county assessor shall enter on ~~said~~ the





application in a space to be provided for that purpose~~,~~ the ~~full and true and the assessed valuation~~ market value of ~~said~~ the vehicle for the year for which ~~said~~ the application for registration is made.

(3) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ shall upon the filing of ~~said~~ the application ~~(1)~~ pay to the county treasurer the registration fee, as provided in ~~section~~ 53-122 and ~~section~~ 53-115, and ~~shall also at such time (2)~~ pay the personal property taxes assessed or the new motor vehicle sales tax against ~~said~~ the vehicle for the current year of registration, ~~(unless the same shall have been theretofore paid for said the year)~~, before the application for registration or reregistration may be accepted by the county treasurer. The county treasurer ~~is hereby empowered to~~ may make full and complete investigation of the tax status of ~~said~~ the vehicle, ~~and any~~ Any applicant for registration or reregistration must submit proof ~~with respect thereto~~ from the tax records of the proper county at the request of the county treasurer.

(4) The amount of taxes on ~~said~~ the motor vehicle, except a mobile home as defined in ~~section~~ 84-101, ~~R. C. M., 1947, shall be~~ is computed and determined by the county treasurer on the basis of the levy of the year preceding the

current year of application for registration or reregistration. ~~and such~~ The determination ~~shall be~~ is entered on the application form in a space provided therefor.

(5) Motor vehicles, except mobile homes as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ are ~~hereby declared to be assessable~~ assessed for ~~taxation as of and~~ taxes on ~~the first day of~~ January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property, and irrespective of whether ~~or not~~ the levy and tax may be a lien upon real property within the state of Montana, ~~provided that in~~ In no event ~~shall~~ may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(6) The applicant for original registration of any wholly new and unused motor vehicle, except a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ acquired by original contract after ~~the first day of~~ January 1 of any year shall be required, whenever such vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by ~~section~~ 32-3315, ~~R.C.M., 1947,~~ irrespective of whether ~~or not such~~ the vehicle was in the state of Montana on ~~the first day of~~ January 1 of ~~such~~ the year.

(7) Upon accepting application for registration or reregistration of any motor vehicle which is subject to



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taxation in this state on January 1 in any year, and upon payment of taxes, the county treasurer shall stamp on ~~said~~ the application: "taxes on this vehicle due January 1 of current year paid by applicant, prior applicant, or owner, and this vehicle is eligible for registration." Upon accepting application for registration of any motor vehicle which was not subject to taxation in this state on January ~~1st~~ 1 in any year, the county treasurer shall indicate ~~such~~ the fact by proper entry on ~~said~~ the application.

(8) The registrar of motor vehicles ~~shall have authority to~~ may make proper entry of the payment of taxes in accord with the facts on any certificate of title to ~~any~~ a motor vehicle ~~respecting payment of taxes in accord with the facts~~.

(9) Motor vehicles subject to anniversary date registration as provided in ~~sections~~ 53-154 through 53-162 are exempt from the provisions of subsections (5), (6), and (7) of this section."

Section 39. Section 53-1025, R.C.M. 1947, is amended to read as follows:

"53-1025. Display of tax-paid decals on snowmobiles required -- application and issuance. ~~(a)~~ (1) No snowmobile ~~shall~~ may be operated by any person in the state of Montana unless there is displayed in a conspicuous place ~~thereon~~ on it a decal as visual proof that Montana personal property

taxes have been paid ~~thereon~~ on it for the current year.

(2) Application for the ~~issuance of such~~ tax-paid decal shall be made to the county treasurer upon forms to be furnished for this purpose, which may be obtained from the registrar of motor vehicles or at the county assessor's office in the county ~~wherein~~ where the owner resides~~,~~ ~~and is to provide for substantially~~ The application shall contain the following information:

(a) name of owner~~;~~

(b) address~~;~~

(c) registration number~~;~~

(d) name of manufacturer~~;~~

(e) model number~~;~~

(f) make~~;~~

(g) horsepower~~;~~

(h) year of manufacture~~;~~

(i) statement evidencing assessment~~,~~ and payment of property tax~~;~~ and

(j) such other information as the registrar of motor vehicles may require.

(3) ~~Said~~ The application shall be signed by the county treasurer and transmitted by him to the registrar of motor vehicles accompanied by a fee of ~~two dollars ($2)~~. All moneys collected from payment of ~~such~~ the fees shall be turned over to the state treasurer and placed ~~by him~~ in the





earmarked revenue fund to the credit of the state fish and game commission, with ~~one dollar ($1)~~ designated for use in enforcing the purposes of this act and ~~one dollar ($1)~~ designated for use in developing snowmobile facilities. Upon receipt of the application in approved form~~,~~ the registrar of motor vehicles or county treasurer shall issue to the applicant a decal in the style and design prescribed by the registrar of motor vehicles and of a different color than the preceding year, numbered ~~numerically~~ in sequence.

~~(b)~~(4) Before filing the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of the county and the county assessor shall enter on the application in a place provided for that purpose~~,~~ the ~~full and true~~ market ~~and assessed valuation~~ value of the snowmobile for the year for which the application is made.

~~(c)~~(5) The applicant shall pay the county treasurer the application fee and ~~shall also pay~~ the personal property taxes assessed against the snowmobile for the current year before the application for registration or reregistration may be accepted by the county treasurer."

Section 40. Section 69-3504, R.C.M. 1947, is amended to read as follows:

"69-3504. Identification number. ~~(a)~~(1) The owner of each motorboat requiring numbering by this state shall file

an application for number in the office of the county treasurer ~~wherein~~ where the motorboat or vessel is owned or taxable, on forms prepared and furnished by the registrar of motor vehicles. The application shall be signed by the owner of the motorboat and shall be accompanied by a fee of ~~one ($1) dollar~~. Any alteration, change, or false statement contained in the application for certificate of registration will render the certificate of number null and void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and furnished by the registrar of motor vehicles, stating the number awarded to the motorboat and the name and address of the owner. The number awarded must be painted on or attached to each outboard side of the forward half of the motorboat, or, if there are no such sides, at a corresponding location on both outboard sides of the foredeck of the motorboat ~~for which it is issued~~. The number awarded shall read from left to right, in Arabic numerals, in block characters of good proportion, ~~a minimum of~~ at least ~~three (3)~~ inches ~~in height~~ tall, excluding border or trim, and of a color ~~which shall contrast~~ that contrasts with the color of the background, and so maintained as to be clearly visible and legible. The number ~~shall~~ may not be placed on the obscured underside of the flared bow where ~~the angle is such that the numbers~~ it





cannot be easily seen from another vessel or ashore. No numerals, letters, or devices other than those used in connection with the identifying number issued ~~shall~~ may be placed in the proximity of the identifying number, ~~and no~~ No numerals, letters, or devices which might interfere with the ready identification of the motorboat by its identifying number ~~shall~~ may be carried as to interfere with the motorboat's identification. The certificate of number shall be pocket size and ~~shall be~~ available to federal, state, or local law enforcement officers at all reasonable times for inspection on the motorboat ~~for which issued~~, whenever the motorboat is on waters of this state, ~~except boat~~ Boat liveries are not required to have the certificate of number on board each motorboat, ~~except that a~~ A rental agreement must be carried on board livery motorboats in place of the certificate of number.

~~(b)~~(2) Before filing ~~such~~ the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of ~~said~~ the county and ~~said~~ the county assessor shall enter on ~~said~~ the application in a space to be provided for that purpose, the ~~full and true and assessed valuation~~ market value of ~~said~~ the vehicle for the year for which ~~said~~ the application for registration is made.

~~(c)~~(3) The applicant shall, upon the filing of the application, pay to the county treasurer, the registration

fee and ~~shall also pay~~ the personal property taxes assessed against the motorboat or vessel for the current year of registration before the application for registration or reregistration may be accepted by the county treasurer.

~~(d) The numbering requirements of this act shall apply to motorboats operated by dealers, manufacturers or their employees as follows:~~

~~(1)~~ (a) A dealer or manufacturer may apply directly to the registrar of motor vehicles for one ~~(1)~~ identifying number and one ~~(1)~~ or more certificates of number. A dealer's or manufacturer's identifying number shall be displayed on ~~a dealer's or manufacturer's~~ his boat while the boat is operating for a purpose related to the buying, selling, or exchanging of the boat by the dealer or manufacturer. ~~(2)~~ The application for a dealer's or manufacturer's identifying number shall include ~~the~~ his name ~~of the dealer or manufacturer~~ and ~~the~~ business address ~~of the dealer or manufacturer~~. Each dealer or manufacturer ~~shall~~ will have one ~~(1)~~ identifying number assigned to his business. ~~(3)~~ An application for dealer's or manufacturer's identifying number and certificate of number ~~shall~~ must be accompanied by the following fees:

~~(A)~~ (a) for the identifying number, first certificate of number, and set of license decals, ~~five dollars ($5)~~;

~~(B)~~ (b) for each additional certificate of number and





set of license decals applied for in any application, ~~two dollars ($2)~~.

~~(4)~~ (5) The registrar of motor vehicles shall issue certificates of number for the identifying number awarded to a dealer or manufacturer in the same manner as provided in ~~section~~ 69-3504(a), except that no boat shall be described in the certificate and each certificate shall state that the identifying number has been awarded to a dealer or manufacturer. A dealer's or manufacturer's certificate of number expires on April 30 of the year for which it is issued. ~~(5)~~ A dealer's or manufacturer's identifying number shall be displayed in the same manner as provided in ~~section~~ 69-3504(a) of this act, except that the number may be temporarily attached, and that the last three ~~(3)~~ letters shall be "DLR" for dealer and "MFR" for manufacturer~~,~~. ~~these~~ These letters shall be included, respectively, in dealer or manufacturer identification numbers only. ~~(6)~~ No person other than a dealer or manufacturer or an employee of a dealer or manufacturer shall display or use a dealer's or manufacturer's identifying number. A dealer's or manufacturer's identifying number may be displayed only on motorboats owned by the dealer or manufacturer. ~~(7)~~ No dealer or manufacturer or employee of a dealer or manufacturer ~~shall~~ may use a dealer's or manufacturer's identifying number for any purpose other than the purpose

described in subsection ~~(3)~~ (4) of this section.

~~(c)~~(6) The owner of any motorboat already covered by a number in full force and effect~~, which~~ that has been awarded to it ~~pursuant to then~~ under operative federal law or a federally approved numbering system of another state~~,~~ shall record the number prior to operating the motorboat on the waters of this state in excess of the ~~sixty (60)~~ day reciprocity period provided for in ~~section~~ 69-3506(1) of this act. ~~Such recordation~~ The record shall be ~~in the manner and pursuant to the~~ made according to the procedure required for the award of number under subsection ~~(a)~~ (1) of this section.

~~(f)~~(7) Should the ownership of a motorboat change, ~~within a reasonable time~~ a new application form with fee shall be filed within a reasonable time with the county treasurer and a new certificate of number ~~shall be~~ awarded in the same manner as provided for in an original award of number.

~~(g)~~(8) If an agency of the United States government has in force ~~an over-all~~ a comprehensive system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this act by the registrar of motor vehicles shall be in conformity ~~therewith~~.

~~(h)~~(9) Every certificate of number and the license





decals awarded under this act shall continue in effect for a period not to exceed ~~one (1)~~ year~~,~~ unless sooner terminated or discontinued in accordance with the provisions of this act. Certificates of number and license decals shall show the date of expiration ~~thereon~~ and may be renewed by the owner in the same manner provided for in the initial securing of the certificate.

~~(i)~~(10) Certificates of number ~~due~~ shall expire on April 30 of each ~~calendar~~ year and ~~shall no longer~~ may not be ~~of any~~ in effect unless renewed under this act.

~~(j)~~(11) In event of transfer of ownership, the purchaser shall furnish the county treasurer notice within reasonable time of the acquisition of all or any part of his interest, other than the creation of a security interest, in a motorboat numbered in this state ~~under this section~~, or of the loss, theft, destruction, or abandonment of the motorboat~~,~~ ~~within reasonable time thereof~~. ~~Such~~ The transfer, loss, theft, destruction, or abandonment ~~shall terminate~~ terminates the certificate of number for the motorboat. ~~except that in the case of a recovery~~ Recovery from theft~~,~~ or transfer of a part interest ~~which~~ that does not affect the owner's right to operate the motorboat~~, the recovery or transfer~~ does not terminate the certificate of number.

~~(k)~~(12) A holder of a certificate of number shall

notify the county treasurer within reasonable time if his address no longer conforms to the address appearing on the certificate and ~~shall, as a part of the notification,~~ furnish the county treasurer with his new address. The registrar of motor vehicles may provide in ~~its~~ bureau rules for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or the alteration of an outstanding certificate to show the new address of the holder.

~~(l)~~ (13) No number other than the number and license decal awarded to a motorboat or granted reciprocity under this act, shall be painted, attached, or otherwise displayed on either side of the forward half of the motorboat.

~~(m)~~ (14) Fees collected under this section shall be transmitted to the state treasurer who shall deposit the fees in the motorboat certificate identification account of an earmarked revenue fund. These fees shall be used only for the administration and enforcement of ~~sections~~ 69-3501 through 69-3518.

~~(n)~~ (15) An owner of a motorboat must within reasonable time notify the registrar of motor vehicles, giving the motorboat's identifying number and the owner's name, ~~within reasonable time,~~ when that motorboat becomes documented as a vessel of the United States, or is transferred, lost, destroyed, abandoned, founded, or within ~~sixty (60)~~ days





after change of state of principal use."

Section 41. Section 75-7104, R.C.M. 1947, is amended to read as follows:

"75-7104. Limitations on amount of bond issue. (1) The maximum amount for which each school district ~~shall~~ may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is ~~eight percent (8%)~~ 29% of the ~~assessed~~ taxable value of the ~~taxable~~ property ~~therein~~ subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The ~~eight percent (8%)~~ 29% maximum, however, ~~shall~~ may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in ~~subsection (2)~~ this section.

(2) When the total indebtedness of a school district has reached the ~~eight percent (8%)~~ 29% limitation prescribed in this section, ~~such~~ the school district ~~shall have the power and authority to~~ may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this ~~title~~ chapter. Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the

debt service fund for the payment of the bonds to be refunded ~~shall be~~ are applied towards the payment of such bonds and the refunding bond issue ~~shall be~~ is decreased accordingly.

~~(2)~~ (3) In ~~the case of~~ a school district within which a new major industrial facility which seeks to qualify for taxation as class seven ~~(7)~~ property under ~~section 84-301, R.C.N. 1947,~~ 84-301.8 is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven ~~(7)~~ property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the ~~eight percent (8%)~~ 29% limitation prescribed in ~~subsection one (1)~~ this section. Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in ~~subsection one (1)~~ this section by a maximum of ~~eight percent (8%)~~ 29% of the estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility subject to taxation when completed. The estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility subject to taxation shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district. ~~and~~ A copy of the





department's statement of estimated ~~assessed~~ taxable value shall be printed on each ballot used to vote on a bond issue proposed under this ~~subsection~~ section.

(4) Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven ~~(7)~~ property, the new major industrial facility and its owners shall, pay, in addition to ~~such~~ the taxes ~~as may be~~ imposed by the school district on property owners generally ~~pay,~~ so much of the principal and ~~interests~~ interest on the bonds provided for under this ~~subsection~~ section as ~~shall represent~~ represents payment on an indebtedness in excess of the limitation prescribed in ~~subsection one (1)~~ this section. After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in ~~subsection one (1)~~ this section, the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than ~~twenty (20)~~ years. ~~which~~ The credit shall, as a total amount, be equal to the amount ~~by~~ which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

(5) A major industrial facility is a facility, subject to the taxing power of the school district, whose

construction or operation will increase the population of the district, ~~so as to impose~~ imposing a significant burden upon the resources of the district and ~~to require~~ requiring construction of new school facilities. A significant burden is an increase in ANB of at least ~~twenty percent (20%)~~ in a single year."

Section 42. Section 75-8104, R.C.M. 1947, is amended to read as follows:

"75-8104. Requirements for organization of community college district. The registered electors in any area of the state of Montana may request an election for the organization of a community college district where the proposed community college district conforms to the following requirements:

(1) The proposed area ~~shall coincide~~ coincides with the then-existing boundaries of contiguous elementary districts of one or more counties.

(2) The ~~assessed valuation~~ taxable value of the proposed area is at least ~~thirty million dollars ($30,000,000)~~ $1 million.

(3) There are at least ~~seven hundred (700)~~ pupils regularly enrolled in public and private high schools located in the proposed area."

Section 43. Section 84-101, R.C.M. 1947, is amended to read as follows:





"84-101. Definition of terms. ~~Whenever the~~ When terms mentioned in this section are ~~employed in dealing with the subject of~~ used in connection with taxation, they are ~~employed in the sense hereafter affixed to them.~~ defined in the following manner:

~~First.~~ (1) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things real, personal, and mixed, capable of private ownership~~;~~. ~~but this~~ This definition must not be construed ~~so as~~ to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by ~~such~~ the stocks is within the state and has been taxed.

~~Second.~~ (2) The term "real estate" includes:

~~1.~~(a) ~~The~~ the possession of, claim to, ownership of, or right to the possession of land~~;~~,

~~2.~~(b) ~~All~~ all mines, minerals, and quarries in and under the land, subject to the provisions of ~~section~~ 84-5401~~;~~, all timber belonging to individuals or corporations growing or being on the lands of the United States~~;~~, and all ~~right~~ rights and privileges appertaining thereto.

~~3. Improvements.~~

~~Third.~~ (3) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements,

~~including mobile homes and house trailers~~ situated upon, erected upon, or affixed to land. ~~When~~ When the department of revenue or its agent determines that the permanency of location of ~~the~~ a mobile home or housetrailer has been established, ~~and for this purpose any~~ the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or house trailer is an improvement located on land not owned by the owner of such improvement, the improvement ~~shall be~~ is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

~~Fourth~~ (4) The term "personal property" includes everything ~~which~~ that is the subject of ownership, but that is not included within the meaning of the term "real estate" and "improvements".

~~Fifth. The terms "value" and "full cash value" mean the amount at which the property would be taken in payment of a just debt due from a solvent debtor.~~

~~Sixth~~ (5) The term "credit" means ~~those~~ solvent debts, secured or unsecured, owing to a person.

~~Seventh.~~ (6) The term "mobile home" means forms of housing known as "trailers", "house trailers", or "trailer coaches" exceeding ~~eight~~ (8) feet in width or ~~thirty-two~~ (32) feet in length, designed to be moved from one place to another by an independent power connected ~~thereto~~ to them.





(7) The term "assessed value" means the value of property as defined in 84-401.

(8) The term "taxable value" means the percentage of assessed value as provided for in 84-301.2 through 84-301.15 and 84-308."

Section 44. Section 84-402, R.C.M. 1947, is amended to read as follows:

"84-402. ~~Department of revenue to determine and show percentage basis and taxable value computed thereon and county~~ County assessor to be ~~agents~~ agent of the ~~state~~ department of revenue. ~~(1) The percentage basis of true and full value as provided for in section 84-302, shall be determined and assigned by the state department of revenue or its agents, and the taxable value thereupon computed when they make their annual assessments, and copies of such assessments as provided for in section 84-411 shall show the taxpayer the percentage class to which his various classes of property for taxation and the taxable valuation thereof have been assigned.~~ ~~(2)~~ (1) The county assessors of the various counties of the state of Montana are agents of the ~~state~~ department of revenue for the purpose of locating and providing the department a description of all taxable property within the county together with other pertinent information, and for the purpose of performing such other administrative duties as are required for placing taxable

property on the assessment roles. The assessors shall perform such other duties as are required by law, not in conflict with the provisions of this subsection.

~~(3)~~ (2) The department of revenue shall have full charge of ~~appraising~~ assessing all property subject to taxation and equalizing values and shall secure such personnel as is necessary to properly perform ~~their~~ its duties.

~~(4)~~ (3) The ~~salaries~~ salary of the county assessor shall be the same amount as provided by law for the salary of the county clerk and recorder; deputy assessors' salaries shall be the same as paid the deputy clerk and recorder.

~~(5)~~ (4) The county commissioners of the various counties shall provide existing office space in the county courthouse for use by the county assessor, his deputies and staff, and the state appraiser and staff, if such space is reasonably available~~.~~ ~~if~~ If such space is not reasonably available in the courthouse and the same must be contracted for, the department shall pay the cost thereof. Additional personal property required by the department for the assessor to perform his duties as agent of the department shall be provided by the department."

Section 45. Section 84-404, R.C.M. 1947, is amended to read as follows:

"84-404. ~~State department~~ Department of revenue to





assign percentage basis~~,~~ ~~--~~ when. The percentage basis of ~~true and full~~ assessed value as provided for in ~~section 84-402, shall be~~ 84-301.2 through 84-301.15 and 84-308 is determined and assigned by the ~~state~~ department of revenue~~,~~ or its agent when it makes its annual assessment of the property~~, which it is~~ required ~~to assess~~ under the laws of this state. ~~and~~ The department shall transmit such determination and assignment to the various county clerks with the assessments so made, and its determination ~~shall be~~ is final except as to the right of review in the proper court."

Section 46. Section 84-406, R.C.M. 1947, is amended to read as follows:

"84-406. ~~Time of assessment -- motor vehicles -- mobile homes -- livestock -- snowmobiles~~ General assessment day. (1) The department of revenue or its agent must, between ~~the first day of~~ January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants~~,~~ and assess all property in each county subject to taxation~~,~~ ~~. except such as is required to be assessed by the state department of revenue, and~~ The department or its agent must assess ~~such~~ property to the ~~persons~~ person by whom it was owned or claimed~~,~~ or in whose possession or control it was at 12 midnight of ~~the first day of~~ January 1 next preceding. It must also ascertain and assess all

mobile homes arriving in the county after 12 midnight of ~~the first day of~~ January 1 next preceding.

(2) The procedure provided by this section ~~shall~~ may not apply to:

(a) ~~Motor~~ motor vehicles ~~which~~ that are required by ~~subdivision (2) hereof~~ subsection (4) to be assessed ~~as of the first day of~~ on January 1, or upon their anniversary registration date~~s~~, ~~but no~~ No mistake in the name of the owner or supposed owner of real property, however, renders the assessment ~~thereof~~ invalid.

(b) ~~Livestock~~ livestock which are required by ~~subdivision (3)~~ subsection (6) of this section to be assessed on an average inventory basis in each county~~;~~ ~~Credits must be assessed as provided in section 84-101, subdivision 6.~~

(c) ~~Property~~ property defined in ~~section~~ 53-642 as "special mobile equipment" ~~which~~ that is subject to assessment ~~of~~ for personal property taxes on the date that application is made for a special mobile equipment plate~~;~~;

(d) ~~Mobile~~ mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade~~;~~; and

~~(e) Campers which are required by subdivision 4 hereof to be assessed as of the first day of January.~~

~~(f)~~ (e) ~~Snowmobiles which~~ snowmobiles that are required by ~~subdivision 5 hereof~~ subsection (8) to be assessed as of





~~the first day of~~ July 1.

(3) Credits must be assessed as provided in 84-101, subsection (5).

~~(2)~~ (4) The department or its agent must ascertain and assess all motor vehicles, except mobile homes, in each county subject to taxation as of January 1, or as of the anniversary registration date of those vehicles subject to ~~sections~~ 53-154 through 53-162, in each year, ~~and the same~~ The motor vehicles shall be assessed to the persons by whom owned or claimed, or in whose possession or control ~~such vehicle was~~ they were at 12 midnight of ~~the first day of~~ January 1 or the anniversary registration date thereof, whichever is applicable, in each year. ~~Provided that such~~ No tax ~~shall not~~ may be assessed against motor vehicles ~~which~~ that constitute inventory of motor vehicle dealers as of January 1, ~~but said~~ These vehicles, and all other motor vehicles brought into the state subsequent to January 1, as motor vehicle ~~dealer's~~ dealers' ~~inventory,~~ inventories shall be assessed to their respective purchasers as of the dates ~~said~~ the vehicles are registered by ~~said~~ the purchasers, ~~and purchasers means and~~ "Purchasers" includes dealers who apply for registration or ~~re-registration~~ reregistration of motor vehicles, except as otherwise provided by ~~section~~ 32-3315. Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes,

shall be assessed at ~~full and true~~ market value as of ~~the first day of~~ January 1.

~~(5)~~ ~~Except that this paragraph shall not apply to an applicant for registration or re-registration of a mobile home, nothing herein contained shall relieve the~~ The applicant for registration or ~~re-registration~~ reregistration of ~~any other~~ a motor vehicle, other than a mobile home, is not relieved ~~so assessed or subject to assessment~~ of the duty of paying taxes ~~thereon as a condition precedent to registration or re-registration in the event said~~ if the taxes have not been paid by ~~any~~ a prior applicant or owner in all cases where taxes were required to be paid.

~~(3)~~(6) The assessed value of livestock in each county on the assessment date ~~shall be~~ is computed by adding the assessed value of all livestock more than ~~nine (9)~~ months of age owned by the taxpayer in each county on the last day of each month since the last assessment date and dividing the sum by ~~twelve (12)~~. For purposes of this ~~subdivision~~ subsection, "livestock" means cattle, sheep, horses, and mules.

~~(4)~~(7) The department of revenue or its agent must ~~ascertain and~~ assess all campers in each county subject to taxation as of January 1 in each year~~,~~. ~~and the same~~ The campers shall be assessed to the persons including dealers by whom owned or claimed~~,~~ or in whose possession or control





~~such camper was, including dealers,~~ they were at 12 midnight of ~~the first day of~~ January 1 in each year.

~~(5)~~(8) The department of revenue or its agent must ~~ascertain and~~ assess all snowmobiles in each county subject to taxation as of July 1 in each year~~,~~. ~~and the same~~ A snowmobile shall be assessed to the ~~persons~~ person by whom owned or claimed~~,~~ or in whose possession or control ~~such snowmobile~~ it was at 12 midnight ~~on the first day~~ of July 1 in each year~~,~~. ~~provided, however, that~~ except snowmobiles ~~which constitute~~ in the inventory of ~~snowmobile~~ dealers which shall be assessed to the dealers as of 12 midnight of ~~the first day of~~ January 1 in each year~~; and further provided that all snowmobiles that have been assessed and for which taxes have been paid for the period of January 1, 1975 through December 31, 1975, shall be assessed for only six (6) months during the period July 1, 1975 through June 30, 1976~~."

Section 47. Section 84-602, R.C.M. 1947, is amended to read as follows:

"84-602. Equalization of assessments. ~~The department of revenue has power after~~ After giving notice~~,~~ in writing~~,~~ to ~~the~~ a taxpayer~~,~~ by registered or certified mail~~,~~ addressed to him at his last known place of residence~~,~~ of its intention, ~~to~~ the department of revenue may increase or lower ~~his~~ the taxpayer's assessment contained in the

assessment book~~, so as~~ to equalize the assessment of the property ~~contained therein~~ and make the assessment conform to the ~~true~~ assessed value of such property ~~in money,~~ as defined in 84-401 and 84-308, ~~which~~ The notice shall specify ~~the date and hour~~ when ~~he~~ the taxpayer may appear and be heard thereon, ~~which date shall~~ at a date and hour not ~~be~~ less than ~~five (5)~~ days from date of mailing ~~such~~ the notice~~,~~ ~~and immediately~~ Immediately after reaching a decision, the department shall notify the taxpayer~~,~~ in writing~~,~~ of ~~such~~ the decision, specifying the change, if any, made in the assessment~~,~~ ~~said~~ The notice ~~to~~ must be given by registered or certified mail~~,~~ and addressed to the taxpayer at his last known place of residence. The department may also ~~has power to~~ raise or lower the valuation of all the property in a class by a certain percentage, ~~in the event that~~ if any class of property is assessed as a class~~,~~ at more or less than its ~~actual~~ assessed value~~,~~ as defined by 84-401 by ~~its~~ the department's agent and if the valuation of ~~such~~ property within the county demands a general reclassification."

Section 48. Section 84-708.1, R.C.M. 1947, is amended to read as follows:

"84-708.1. Powers and duties of the ~~state~~ department of revenue. (1) ~~To~~ The department of revenue shall annually assess the franchise, roadway, roadbeds, rails, and rolling





stock~~,~~ and all other property of all railroads~~,~~; ~~and~~ the pole lines and ~~rights-of-way~~ rights-of-way and all other property of all telegraph and telephone lines, electric power and transmission lines, ditches, canals, and flumes~~,~~; and other similar property, constituting a single and continuous property operated in more than one ~~(1)~~ county in the state~~,~~ or more than one ~~(1)~~ state. To apportion ~~such~~ the assessments to the counties in which ~~such~~ the properties are located on a mileage basis~~,~~ or if the property of any company assessable under this section is of such a character that its value cannot reasonably be apportioned on the basis of mileage, the department may adopt ~~such~~ any other method or basis of apportionment to the county or counties in which the property is situated as may be just and proper.

(2) ~~All~~ The department may not consider the following property as part of any single or continuous property: lots and parcels of real estate not included in ~~right-of-way~~ right-of-way, with the buildings, structures, and improvements thereon~~,~~; dams and power houses, depots, stations, shops, and other buildings, erected upon ~~right-of-way,~~ right-of-way; and furniture, machinery, and other personal property~~,~~ ~~shall not be considered as a part of any such single and continuous property, but shall be considered as separate and distinct therefrom, and shall be~~ The property is considered separate and distinct and is assessed

by the agent of the department of revenue in the county ~~wherein they are situate~~ where it is situated.

~~(2)~~ (3) ~~To~~ The department shall transmit to the county clerk of each county its apportionment of all assessments made by the department.

~~(3)~~ (4) ~~To~~ The department shall adjust and equalize the valuation of taxable property among the several counties, and the different classes of taxable property in any county and in the several counties and between individual taxpayers; supervise and review the acts of agents of the department; change, increase, or decrease valuations made by its agents; and exercise such authority and do all things necessary to secure a fair, just, and equitable valuation of all taxable property among counties between the different classes of property and between individual taxpayers.

~~(4)~~ (5) ~~To have and~~ The department shall exercise general supervision over the administration of the assessment and tax laws of the state, and over its agents and any officers of municipal corporations, having any duties to perform under any of the laws of this state relating to taxation to the end that all assessments of property be made relatively just and equal at ~~true~~ a value in substantial compliance with law, and ~~to~~ supervise the administration of all revenue laws of the state and assist in their enforcement. ~~Further, the state~~ The department of





revenue ~~is empowered to organize, and it~~ shall ~~be its duty to~~ schedule and hold area schools within the state for appraisers and assessors as often as ~~is deemed~~ it considers necessary. ~~in the judgment of the department and the~~ The costs of such appraisers and assessors attending shall be borne by the state. ~~Further, the department shall determine if there is a need for a taxing, assessing, and appraising school, and such school shall be held, when deemed necessary.~~ The department shall notify all assessors and appraisers at least ~~six (6)~~ months before such school is scheduled, ~~and it shall be the duty of all~~ All assessors and appraisers ~~to~~ shall attend ~~and the cost of their attendance shall be borne by the state~~.

~~(5)~~ (6) ~~To~~ The department may confer with, advise, and direct officers of municipal corporations as to their duties, with respect to taxation, under the statutes of the state.

~~(6)~~ (7) ~~To~~ The department shall direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities, and punishment of public officials and persons, or their agents, for failure or neglect to comply with the provisions of the statutes governing the revenue of the state or municipal corporations~~;~~. ~~and to~~ The department shall cause complaints to be made against assessors and other public officers to

the proper district court for their removal from office for official misconduct or neglect of duty.

~~(7)~~ (8) ~~To~~ The department shall require county attorneys to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals, and punishment for violations of the laws of the state in respect to the assessment of property and other revenue laws, in their respective counties.

~~(8)~~ (9) ~~To~~ The department shall collect annually from the proper officers of the municipal corporations information ~~as to~~ about the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful and helpful in the work of the department in such form and upon such blanks as the department shall prescribe~~;~~. ~~and it~~ It shall be the duty of all public officers so called upon to fill out properly and return promptly to the department all blanks so transmitted and in every way aid the department in its work~~;~~. ~~to~~ The department may examine the records of all municipal corporations for such purposes as are deemed needful or helpful ~~by the department~~.

~~(9)~~ (10) ~~In~~ The department may, in its discretion, ~~to~~ inspect and examine, or cause an inspection and examination of the records of the officers of any municipality, whenever





~~such~~ an officer ~~shall have~~ has failed, neglected, or refused to return properly the information required by this section within the time set by the department. Upon completion of such inspection and examination, the department shall transmit to the clerk, or other proper official of the municipality, a statement of the expenses incurred by the department to secure the necessary information. Within ~~sixty (~~60~~)~~ days after the receipt by the municipality of the above statement, the same shall be audited, as other claims of the municipal corporation are audited and shall be paid into the state treasury. ~~and if~~ If the ~~same~~ statement is not ~~so~~ paid, the attorney general shall institute an action, in the proper court, against the municipality to recover the same. The officers responsible for the furnishing of the information collected pursuant to this section, shall be jointly and severally liable for any loss the municipality may suffer, through their delinquency~~;~~. ~~and no~~ No payment ~~shall~~ may be made to them for salary, or on any other account, until the cost of such inspection and examination as provided above ~~shall have~~ has been paid into the treasury, or to the proper officers of such municipality. They shall also be subject to ~~such~~ the other fines and penalties ~~as~~ prescribed by law.

~~(10)~~ (11) ~~To~~ The department may require persons, as defined above, to furnish information concerning their

capital, funded or other debt, current assets and liabilities, cost and value of property, earnings, operating and other expenses, taxes, and all other facts which may enable the department to ascertain the value of the relative burdens borne by all kinds of property and occupations in the state.

~~(11)~~ (12) ~~To~~ The department may summon witnesses to appear and give evidence, and to produce records, books, papers, and documents relating to any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(12)~~ (13) ~~To~~ The department may cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken upon notice to the interested party, if any, in like manner that depositions are taken in actions pending in the district court, in any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(13)~~ (14) ~~To~~ The department may examine ~~into~~ all cases where evasion or violation of the laws for taxation of property, proceeds, occupation, or business is alleged, complained of, or discovered, and ~~to~~ ascertain wherein existing laws are ineffective or are improperly or negligently administered.

~~(14)~~ (15) ~~To~~ The department may investigate the tax





systems of other states and countries and ~~to~~ formulate and recommend legislation for the better administration of the fiscal laws so as to secure just and equal taxation and improvement in the system of taxation and the economical expenditure of public revenue in the state.

~~(15)~~ (16) ~~To~~ The department may consult and confer with the governor of the state upon the subject of taxation, the administration of the laws relating thereto, and the progress of the work of the department, and ~~to~~ furnish the governor such assistance as he may require.

~~(16)~~ (17) ~~To~~ The department shall transmit to the governor and to each member of the legislature ~~twenty~~ (20) days before the meeting of the legislature, a report of the department, showing all the taxable property of the state and ~~the~~ its value ~~of the same~~ in tabulated form, with recommendations for improvements in the system of taxation, together with ~~such~~ measures as may be formulated for the consideration of the legislature~~;~~, ~~and to~~ The department may include ~~therein~~ a report showing the selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states during the biennium, with indexes tabulated at sufficient intervals to show the comparative state price structures.

~~(17)~~ (18) In its discretion, ~~to~~ the department may waive the assessment of penalty for the late filing of any tax

statement ~~or~~ return required to be filed with the department when the filing is done within ~~five (5)~~ days of the date specified for filing the return or statement~~,~~ and ~~for~~ the late payment of any tax collected by the department when the payment is made within ~~five (5)~~ days of the date specified for payment of the tax.

~~(18)~~ (19) In its discretion, the department may ~~to~~ enter into reciprocal agreements with the taxing authorities of states contiguous to the state of Montana which tax the income of Montana residents earned in that state to provide that the tax imposed by Title 84, chapter 49~~, R.C.M. 1947,~~ on income derived by persons who are nonresidents of this state ~~shall~~ need not be ~~payable~~ paid when such other state or states agree to grant similar treatment to residents of Montana."

Section 49. Section 84-728, R.C.M. 1947, is amended to read as follows:

"84-728. Valuation of interstate fleets -- determination of aggregate tax due. The ~~state~~ department of revenue shall assess any interstate motor vehicle fleet making application for proportional registration as follows:

~~(a)~~ (1) The purchase price depreciated by a schedule as prescribed by the department shall determine the depreciated value.

~~(b)~~ (2) The depreciated value multiplied by the ~~per~~





~~cent~~ percent of miles traveled in Montana as prescribed by ~~section~~ 53-712 shall be the assessed value.

~~(c)~~ (3) The sum of the assessed value of all vehicles included in the fleet multiplied by ~~twenty (20) per cent~~ 12% shall be the taxable value for the entire fleet.

~~(d)~~ (4) To determine the amount of tax due, the taxable value of the entire fleet shall be multiplied by the ~~state-wide~~ statewide average county mill levy plus state levies as hereinafter provided."

Section 50. Section 84-4605, R.C.M. 1947, is amended to read as follows:

"84-4605. Taxation of banks and shares of stock in. (1) Every state bank or banking corporation located and doing business in this state~~,~~ and every private banker doing business in this state~~,~~ shall be ~~taxable~~ taxed upon the value of all real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker, ~~and also~~ upon the moneyed capital employed in ~~such~~ the business, ~~such~~ and upon the moneyed capital to be ascertained as provided by ~~section 84-301;~~ 84-301.7. ~~and the~~ The cashier or secretary of every ~~such~~ bank or banking corporation~~,~~ and every ~~such~~ private banker~~,~~ shall furnish to the department of revenue or its agent in the county in which its or his bank is located, within ~~five~~ 5 days after demand therefor, a statement verified by his oath, showing all the resources

and liabilities of ~~such~~ the bank as disclosed by its books, at the close of business on December 31 of the preceding year. ~~If such~~ If the cashier, secretary, or private banker ~~shall fail~~ fails to make the statement, ~~hereby required,~~ the department or its agent shall forthwith obtain ~~such~~ the information from any other available source, and for this purpose shall have access to the books of ~~such~~ the bank, banking corporation, or private banker. The department or its agent shall thereupon make an assessment of the real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker, and of the moneyed capital employed in the business of ~~such~~ the bank, banking corporation, or private banker, ~~which~~ The assessment shall be as fair and equitable as can be made from the best information available. ~~or, for~~ For the purpose of ~~said~~ the assessment, the figures disclosed by any prior report made by ~~such~~ the bank, banking corporation, or private banker to any state or federal officer pursuant to any state or federal law may be adopted. Any person required by this section to make the statement hereinabove provided, who ~~shall fail~~ fails to furnish ~~the same,~~ it shall be guilty of a misdemeanor and ~~shall be~~ punished accordingly.

(2) All shares of stock in any ~~such~~ bank or banking corporation shall be assessed at their full cash value, except to the extent that that value is represented in





property which is assessable and taxable to ~~such~~ the bank or banking corporation in this state, and shall be taxable to the owners of ~~such~~ the shares in the county, school district, city, town, or place where ~~such~~ the bank or banking corporation is located ~~and not elsewhere~~, whether ~~or not~~ the owners of ~~such~~ the shares are residents of such county, school district, city, town, or place.

(3) The cashier or secretary of any ~~such~~ bank or banking corporation shall furnish to the department or its agent, upon demand, the name of each stockholder with his residence and the number of shares belonging to him at the close of business on December 31 of the preceding year. ~~and if such~~ If the cashier or secretary, for more than ~~five~~ 5 days after ~~such~~ the demand, ~~shall fail~~ fails to furnish such information, he ~~shall be~~ is guilty of a misdemeanor and the department or its agent may obtain ~~such~~ information from any other available source, ~~and for such purposes shall have access to~~ or from the books of ~~such~~ the bank or banking corporation. For convenience, the assessment of ~~such~~ the shares shall be entered on the personal property assessment list under the name of the bank or banking corporation concerned, but in the assessment list the names of the owners of such shares shall be set forth and the number of shares owned by each, ~~and such~~ The assessment, when so entered, ~~shall have~~ has all the force and effect as if made

in the names of the owners of ~~such~~ the shares individually. The bank or banking corporation in which ~~such~~ the shares are owned ~~shall be~~ is liable for the payment of taxes assessed against ~~such~~ the shares, and ~~such~~ the taxes ~~shall be~~ are payable by and ~~may be~~ collected from ~~such~~ the bank or banking corporation in the same manner and under the same penalties as other taxes~~;~~. ~~provided that such~~ The bank or banking corporation may recover from ~~such~~ the owners of shares any taxes ~~so~~ paid on ~~such~~ the shares~~,~~ and ~~shall have~~ has a lien therefor upon ~~such~~ the shares and upon any dividends accrued or to accrue thereon."

Section 51. Section 84-4701, R.C.M. 1947, is amended to read as follows:

"84-4701. Limitation on amount of tax for municipal purposes -- distribution of funds -- levy for ~~park~~ parks, swimming pools, playgrounds, youth centers, and other purposes. The amount of taxes to be ~~assessed and~~ levied for general municipal or administrative purposes in cities and towns ~~must~~ may not exceed ~~two and four-tenths (2.4%) per centum on the per centum~~ 2.4% of the ~~assessed~~ taxable value of the ~~taxable~~ property of the city or town~~;~~ subject to taxation. ~~and the~~ The council or commission in each city or town may distribute the money collected into ~~such~~ the funds ~~as are~~ prescribed by ordinance~~;~~. ~~provided, that for~~ For the purpose of procuring, equipping, and maintaining public





parks, swimming pools, skating rinks, playgrounds, civic centers, youth centers, museums, and combinations thereof, the council or commission in any city or town may ~~assess and~~ levy, in addition to the ~~said~~ levy for general municipal or administrative purposes, an amount not exceeding ~~seven (7)~~ mills on the dollar on the ~~per centum of the assessed~~ taxable value of the ~~taxable~~ property to be taxed of the city or town."

Section 52. Section 84-4701.2, R.C.M. 1947, is amended to read as follows:

"84-4701.2. Maximum rate of all-purpose levy. ~~Notwithstanding the provisions of the statutes of Montana to the contrary~~ (1) Except as provided elsewhere, the cities and towns of the state of Montana may make an all-purpose annual levy upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in ~~such~~ the cities and towns~~,~~ subject to taxation for municipal purposes in lieu of the multiple levies now authorized by statute. The total of ~~such~~ the all-purpose levy ~~shall~~ may not exceed ~~sixty-five (65)~~ mills on the dollar~~,~~. ~~which~~ This levy ~~shall~~ may not include any levies necessary for bonded indebtedness, judgments, or special improvement district revolving funds of municipalities, which levies may be made in addition to all-purpose levy as provided in ~~sections~~ 84-4701.1 and 84-4701.6. The moneys received from ~~such~~ the all-purpose

levy shall be accounted for in a common fund known as the all-purpose general fund.

(2) An amount not to exceed ~~five per centum (5%)~~ of the moneys received from and as a part of the all-purpose levy aforesaid may be placed in a separate fund known as the capital improvement program fund to be earmarked for the replacement and acquisition of property, plant, or equipment costing in excess of ~~five thousand dollars ($5,000)~~ with a life expectancy of ~~five (5)~~ years or more~~,~~ provided that a capital improvement program has been formally adopted by city or town ordinance.

(3) The moneys held in the capital improvement program fund shall, whenever possible, be invested in savings or time deposits in a state or national bank insured by the federal deposit insurance corporation or in direct obligations of the United States government and credited back to the fund plus interest earned."

Section 53. Section 84-4713, R.C.M. 1947, is amended to read as follows:

"84-4713. Taxes in cities and towns ~~which~~ that have exceeded the statutory limit of indebtedness. All taxes ~~heretofore~~ levied and collected, or to be collected for municipal and administrative purposes by any city or town, in which the indebtedness ~~of which~~ equals or exceeds the limit ~~provided~~ allowed in statute, may be used in payment of





current expenses during the fiscal year for which ~~said~~ the taxes were levied, ~~the same~~ as ~~though~~ if a special levy had been made for each of ~~said~~ the purposes. ~~And the~~ The council of any such city or town ~~is hereby authorized to~~ may designate the amount of ~~said~~ the general levy applicable to each of ~~said~~ the purposes~~,~~. ~~and the~~ The amount so designated ~~shall constitute~~ constitutes a special fund for the special purpose of paying the expenses incurred for ~~such~~ the purpose~~,~~. ~~and such~~ The expenses shall be payable out of ~~such~~ the fund and not otherwise~~,~~. ~~provided, that~~ However, the aggregate of all taxes authorized for general municipal and administrative purposes ~~shall~~ may not exceed ~~one and one-half per cent~~ 5 1/2% annually ~~upon~~ of the ~~per centum of the assessed~~ taxable value of all ~~taxable~~ property subject to taxation in such city or town."

Section 54. Section 84-5103, R.C.M. 1947, is amended to read as follows:

"84-5103. Taxation of credits of insurance companies -- other property. All property other than credits of insurance companies required by law to have and maintain a legal reserve for the protection of policyholders shall be assessed, classified, and taxed as other property of like character. Credits, including evidence of indebtedness secured by mortgages, less legal reserves for the protection of policyholders and other indebtedness, shall be classified

and taxed, on the basis of ~~thirty per centum (30%)~~ of ~~full cash~~ market value as thus ascertained."

Section 55. Section 84-5211, R.C.M. 1947, is amended to read as follows:

"84-5211. Limitation of levies -- livestock moneys. The amount of ~~such~~ the levy ~~shall~~ may not in any event exceed ~~two (2)~~ mills upon the ~~assessed valuation~~ taxable value of sheep and ~~three (3)~~ mills upon the ~~assessed valuation~~ taxable value of other livestock~~,~~. ~~which shall be levied~~ The levy is raised to aid in the payment of the general ~~expense~~ expenses of the brands-enforcement functions of the department of livestock, including salaries, office ~~expense~~, detective ~~expense~~, ~~expense of~~ prosecution, travel, and all incidental ~~expense,~~expenses. ~~and a~~ A separate levy ~~of~~ not ~~exceeding~~ to exceed ~~three (3)~~ mills on all livestock may be raised for the use of the animal health functions of the department of livestock ~~to be~~ and placed in ~~the~~ an earmarked revenue fund for the payment of indemnity for animals slaughtered, ~~and~~ for salaries and expenses incurred in investigating, controlling, and suppressing diseases, including expenses of quarantine and salaries and expenses incurred for such purposes, and for laboratory maintenance~~:~~. ~~provided further that~~ At the written request of the department of livestock the state treasurer and state controller~~, at the written request of the department of~~





~~livestock~~ shall set aside in a separate account in the earmarked revenue fund ~~such~~ any moneys as may be available and requested~~,~~. ~~which~~ The moneys ~~shall~~ may be expended only when the department of livestock determines that a livestock disease emergency exists requiring its expenditure~~, and they shall then be expended~~ for such purposes as the department of livestock may order and direct."

Section 56. Section 84-5214, R.C.M. 1947, is amended to read as follows:

"84-5214. Levy for bounty moneys -- use of proceeds. The department of revenue shall~~,~~ annually ~~prescribe, make and~~ levy an ad valorem tax on all livestock in the state of Montana for the purpose of protecting ~~such livestock~~ them against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by ~~all~~ any means of effective predatory animal destruction, extermination, and control, including systematic hunting~~,~~ and trapping ~~in planned campaigns, or otherwise,~~ and payment of bounties~~, against destruction, depredation and injury by wild animals, whether on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the~~

~~public domain~~. The tax levy ~~shall~~ may not exceed in any one ~~(1)~~ year ~~(a) one and one-half (~~1 1/2~~)~~ mills on the ~~assessed valuation~~ taxable value of all sheep, and ~~(b) one (~~1~~)~~ mill on the ~~assessed valuation~~ taxable value of other livestock. The moneys received from ~~such~~ the tax levies shall be transmitted monthly with other taxes for state purposes, by the county treasurer of each county, to the state treasury, ~~and be by the~~ The state treasurer ~~placed in and to the credit of the~~ shall place the money in an earmarked revenue fund ~~(~~with the other moneys ~~in that fund under the provisions of section~~ as provided in 46-1901~~)~~. ~~and such~~ The moneys shall thereafter be paid out only on claims duly and regularly presented to the department of livestock, and ~~thereafter~~ approved by ~~said~~ the department, in accordance with the law applicable either to claims for bounties, ~~when such claims are approved,~~ or ~~to claims~~ for other expenditures necessary and proper for predatory animal control by ~~other~~ means and methods other than payment of bounties, as ~~may be~~ determined by the department of livestock. All ~~such~~ the moneys shall be available for the payment of bounty claims and for expenditures ~~in and~~ for planned, seasonal, or other campaigns directed, or operated by the department in cooperation with other agencies, for the systematic destruction, extermination, and control of predatory wild animals, as ~~may be~~ determined by the





department and ~~the~~ its advisory committee ~~thereto~~. No claims ~~shall~~ may be approved in excess of moneys available for such purposes, and no warrants ~~shall~~ may be registered against ~~such~~ the moneys."

Section 57. Section 84-5216, R.C.M. 1947, is amended to read as follows:

"84-5216. Tax levy for bounties on predatory animals. Whenever the owners, ~~or~~ agent, or agents of ~~such~~ the owners, representing ~~fifty-one per cent~~ 51% of the livestock of any county in this state ~~shall~~ present a petition to the board of county commissioners of such county, asking for the levy of a tax upon the livestock of ~~such~~ the county for the purpose of paying bounties on predatory animals killed in ~~such~~ the county, it ~~shall be~~ is the duty of ~~such~~ the board of county commissioners to make ~~such~~ the levy, which ~~shall~~ may not exceed ~~ten~~ 10 mills on the dollar ~~on~~ of the ~~assessed valuation~~ taxable value of all livestock in ~~such~~ the county, ~~which~~ The tax shall be assessed and collected in the same manner as all other state and county taxes."

Section 58. Section 84-5406, R.C.M. 1947, is amended to read as follows:

"84-5406. Assessment of royalties. Upon receipt of the list or schedule setting forth the names and addresses of any and all persons, corporations, and associations owning or claiming royalty, and the amount ~~or amounts~~ paid or

yielded as royalty to ~~such~~ the royalty owners or claimants during the year for which ~~such~~ the return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such~~ assess and tax the royalties~~, and shall assess the same at the full cash value of the money or product yielded during such preceding calendar year, and the same shall be taxed~~ on the same basis as net proceeds of mines are taxed as provided by ~~section 84-301~~ 84-301.12."

Section 59. Section 84-6008, R.C.M. 1947, is amended to read as follows:

"84-6008. Assessment of personal property brought into the state -- exceptions. (1) Property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) ~~any~~ any personal property~~,~~ including livestock~~,~~ brought, driven, or coming into this state at any time during the year ~~which~~ that is used in the state for hire, compensation, or profit;

(b) ~~or if the~~ property whose owner ~~and/~~or ~~the~~ user ~~of the property~~ is engaged in gainful occupation or business enterprise in the state; or

(c) the property ~~otherwise~~ which comes to rest and becomes a part of the general property of the state~~.~~. ~~shall be subject to taxation and shall be assessed for all taxes levied or leviable for that year in the county in which the~~





~~same shall thus be~~,

(2) The taxes on this property are levied in the same manner and to the same extent, except as ~~hereinafter~~ otherwise provided, as though ~~such~~ the property had been in the county on the regular assessment date~~:~~, provided that ~~such~~ the property has not been regularly assessed for the year in some other county of the state~~:~~.

(3) ~~provided further that nothing herein contained~~ Nothing in this section shall be construed ~~into authority~~ to ~~assess or~~ levy ~~any~~ a tax against ~~any~~ a merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of ~~such~~ the merchant or dealer~~,~~ in addition to the tax levied against the inventory of said merchant or dealer on the regular assessment date~~:~~.

(4) ~~provided further that this act~~ This section shall not apply to motor vehicles brought, driven, or coming into this state by any nonresident, migratory, bona fide agricultural workers temporarily employed in agricultural work in Montana ~~where said~~ if the motor vehicles are used exclusively for transportation of agricultural workers.

(5) Agricultural harvesting machinery classified under ~~Class 2~~ class two, ~~section 84-301, R.C.M. 1947,~~ licensed in other states, and operated on the lands of persons other than the owner of the machinery~~,~~ under contracts for hire

shall be subject to a fee, in lieu of taxation, of ~~thirty-five dollars ($35)~~ per machine for a ~~sixty (60)~~ day period. ~~Such~~ The machines shall be subject to taxation under ~~Class 2~~ class two only if they are sold in Montana."

Section 60. Section 84-6102, R.C.M. 1947, is amended to read as follows:

"84-6102. United States property held under contract of sale ~~assessment at full value~~. When ~~such~~ the property is held under a contract of sale or other agreement whereby ~~on certain~~ upon payment ~~or payments~~ the legal title is or may be acquired by ~~such~~ the person, corporation, or association, ~~such~~ the real property shall be assessed and taxed as ~~for the full value thereof~~ defined in 84-301.5, 84-301.6, 84-301.8, 84-301.9, 84-301.11, 84-301.15, or 84-401 without deduction on account of the whole or any part of the purchase price or other sum due on ~~such~~ the property remaining unpaid~~,~~ ~~provided, that the~~ The lien for ~~such~~ the tax ~~shall neither~~ may not attach to, impair, ~~nor~~ or be enforced against any interest of the United States in ~~such~~ the real property."

Section 61. Section 84-6103, R.C.M. 1947, is amended to read as follows:

"84-6103. United States property held under lease — assessment at value of leasehold. When ~~such~~ the property is held under lease, ~~or~~ other interest, or estate therein less





than the fee, except under contract of sale, ~~such~~ the property shall be assessed and taxed as for the ~~true cash~~ value as defined in 84-301.2 through 84-301.15 and 84-401 of such leasehold, interest, or estate in ~~such~~ the property and the lien for ~~such~~ the tax shall attach to and be enforced against only the leasehold, interest, or estate in ~~such~~ the property~~,~~ ~~provided, that where~~ When the United States authorizes the taxation of ~~such~~ the property for the full assessed value of the fee thereof, ~~such~~ the property shall be assessed for ~~such~~ full assessed value, as defined in 84-401."

Section 62. Section 84-6205, R.C.M. 1947, is amended to read as follows:

"84-6205. Assessment of royalties. The amount of royalty received shall be considered net proceeds to the recipient and shall be assessed as follows: ~~Upon~~ upon receipt of the lists or schedules setting forth the names and addresses of any and all persons owning or claiming royalty, and the amount ~~or amounts~~ paid or yielded as royalty to such royalty owners or claimants during the year for which such return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such royalties, and shall~~ assess and tax the same ~~at the full cash value of the money or product yielded or accrued during such preceding calendar year, and the same shall be taxed~~ as

net proceeds of mines."

Section 63. Section 84-6407, R.C.M. 1947, is amended to read as follows:

"84-6407. Transmission of statement of amount apportioned to counties. On or before the second Monday in July, the department shall apportion ~~such~~ the assessment to the counties in or through which the airline operates. The county assessor must enter the amount of the assessment apportioned to the county in the column of the assessment roll or book which shows the total value of all property for taxation in the county. The assessment shall be assigned to class ~~7~~ seven ~~having a taxable value of forty per cent (40%) of assessed value~~."

Section 64. Section 84-7403, R.C.M. 1947, is amended to read as follows:

"84-7403. Tax treatment of certain energy-related investments. (1) Upon application by a taxpayer, approved under ~~section~~ 84-7404, a capital investment by the taxpayer in a recognized nonfossil form of energy generation shall be treated by the department of revenue as:

(a) property exempt from taxation, to the extent the ~~appraised~~ assessed value of the investment does not exceed ~~one hundred thousand dollars ($100,000),~~; or

(b) class seven property, as defined in ~~sections 84-301 and 84-302,~~ 84-301.8 for such portion of the





~~appraised~~ assessed value of the investment that exceeds ~~one hundred thousand dollars ($100,000)~~.

(2) Upon application by a taxpayer, approved under ~~section~~ 84-7404, a capital investment in a building by the taxpayer for an energy conservation purpose shall be treated by the department of revenue as class eight property, as defined in ~~sections 84-301 and 84-302~~ 84-301.9, to the extent the ~~appraised~~ assessed value of the investment does not exceed ~~twenty percent (20%)~~ of the ~~appraised~~ assessed value of the building in which the investment is made."

Section 65. Section 84-7513, R.C.M. 1947, is amended to read as follows:

"84-7513. Valuation of commercial land. After classification as commercial, land, whether occupied or not, ~~shall~~ may not change in value for tax purposes unless it meets or is governed by the following provisions:

(1) Class A -- open undeveloped land. Open undeveloped land within the boundaries ~~set as~~ of designated commercial land which has value and is not designated for usage as a parking area or park, and developed as such within ~~two (2)~~ years from the effective date of this act, shall be subject to taxation in the following method (after the ~~two (2)~~ year grace period):

1st year taxation -- 1% over valuation existing at the beginning of the ~~said two (2)~~ years;

2nd year taxation — +2% over the previous year's valuation;
3rd year taxation — +10% over the previous year's valuation;
3-5 years taxation — +20% over the previous year's valuation;
over ~~five~~ 5 years — +30% over the previous year's valuation.

(2) Class B — existing improved land. All land in a commercial class shall remain in the same taxable base until expanded or remodeled. No expansion or remodeling ~~shall~~ may occur without approval of the governing body. Upon remodeling or improving, it shall receive a reduction in valuation in the amount of its valuation change which shall apply as a reduction in valuation of the property for a period of ~~five (5)~~ years, commencing in the amount of the cost of remodeling or improving in the first year and reducing in an amount of ~~twenty percent (20%)~~ per year for each remaining year thereafter.

(3) Class C — existing improved land. Existing structures and buildings shall be frozen in their existing tax base for a period of ~~ten (10)~~ years, unless remodeled, where section 12(1)(a) shall apply. If not remodeled after ~~ten (10)~~ years, the following shall apply:

| Age of structure in years | Tax increase according to the years since remodeled last | | | |
|---|---|---|---|---|
| | 1-5 years | 5-10 years | 10-15 years | 15 years and over |
| 10-12 | 1% | 2% | 4% | 5% |
| 12-15 | 2% | 4% | 6% | 8% |
| 15-20 | 4% | 8% | 12% | 16% |
| 21-25 | 10% | 12% | 16% | 18% |
| 26-30 | 15% | 18% | 20% | 24% |
| 31-40 | 25% | 28% | 30% | 35% |
| 40-50 | 40% | 45% | 50% | 60% |
| 50-Over | 50% | 60% | 75% | 100% |





(4) Class D — new improved land.

(a) The construction cost and land cost of any commercial development within a classified commercial or residential area ~~shall~~ may not be taxed for its construction period.

(b) Following the nontaxable period the total cost of land and improvements developed as new commercial property shall be taxed as follows:

| Commercial land location | Taxable schedule |
|---|---|
| (i) Land within and extending ~~nine hundred (900)~~ feet beyond that area designated by the governing authority as the central business district of a community. | Improvements shall be taxed in additional increments as follows: ~~A ten percent (10%)~~ increase in ~~valuation~~ assessed value per year until a total value for tax purposes is ~~one hundred percent (100%)~~ of assessed value. |

| | | |
|---|---|---|
| (ii) Land from that designation under subsection (4) (b) (i) to the corporate boundary or city limits. | ~~valuation~~ assessed value | Improvements shall be taxed in additional increments as follows: A ~~thirty-three and one-third percent (33 1/3%)~~ increase in assessed value per year until a total value for tax purposes is ~~one hundred percent (100%)~~ of assessed value. |
| (iii) Land lying from the corporate boundary to the ~~four and one-half (4 1/2)~~ 4 1/2-mile limit. | | An increase in taxes over the normally assessed value of ~~ten percent (10%)~~ per year for a period of ~~ten~~ 10 years unless given a waiver by the governing authority. |
| (iv) Land lying beyond the ~~four and one-half (4 1/2)~~ 4 1/2-mile limit. | | An increase in taxes over the normally assessed value of ~~twenty-five percent (25%)~~ per year for ~~fifteen (15)~~ years unless given a waiver by the governing authority." |





Section 66. Section 89-3403, R.C.M. 1947, is amended to read as follows:

"89-3403. Definitions. As used in this act, unless the context clearly indicates otherwise:

(1) "~~District~~ district" means a conservancy district, which is a public corporation and a political subdivision of the state~~.~~;

(2) "~~Directors~~ directors" means the board of directors of a conservancy district~~.~~;

(3) "~~Elector~~ elector" means a person qualified to vote under ~~section~~ 89-3423~~.~~;

(4) "~~Court~~ court" means the district court of the judicial district in which the largest portion of the taxable valuation of real property of the proposed district is located and within the county in which the largest portion of the taxable valuation of real property of the proposed district is located within the judicial district~~.~~;

(5) "~~Person~~ person" means a natural person; firm; partnership; ~~co-operative~~ cooperative; association; public or private corporation, including the state of Montana or the United States; foundation; state agency or institution; county; municipality; district or other political subdivision of the state; federal agency or bureau; or any other legal entity~~.~~;

(6) "~~Department~~ department" means the department of

natural resources and conservation provided for in Title 82A, chapter 15;

(7) "~~Board~~ board of supervisors" means the board of supervisors of the soil and water conservation district in which the largest portion of the taxable valuation of real property of the proposed district is located;

(8) "~~Works~~ works" means all property, rights, easements, franchises, and other facilities including, but not limited to, land, reservoirs, dams, canals, dikes, ditches, pumping units, mains, pipelines, waterworks systems, recreational facilities, facilities for fish and wildlife, and facilities to control and correct pollution;

(9) "~~Cost~~ cost of works" means the cost of construction, acquisition, improvement, extension, and development of works, including financing charges, interest, and professional services;

(10) "~~Applicants~~ applicants" means any person residing within the boundaries of the proposed district making a request for a study of the feasibility of forming a conservancy district;

(11) "~~Notice~~ notice" means publication at least once each week for ~~three (3)~~ consecutive weeks in a newspaper published in each county, or, if no newspaper is published in a county, a newspaper of general circulation in the county, or counties, in which a district is or will be





located. The last published notice shall appear not less than ~~five (5)~~ days prior to any hearing or election held under this act;

(12) "~~Owners~~ owners" are the person or persons who appear as owners of record of the legal title to real property according to the county records whether such title is held beneficially or in a fiduciary capacity, except that a person holding a title for purposes of security is not an owner nor ~~shall~~ may be affect the previous title for purposes of this act;

(13) "~~Taxable~~ taxable valuation" ~~shall mean~~ is the ~~valuation determined according to section 84-302, R.C.M. 1947,~~ value as defined in 84-401 and does not mean assessed valuation."

Section 67. Repealer. Sections 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, and 84-308, R.C.M. 1947, are repealed.

-End-

BILL II

_____ BILL NO. _____

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE PROPERTY TAX SYSTEM BY GENERALLY REVISING AND RECODIFYING SECTIONS RELATING TO PROPERTY CLASSIFICATION AND TAXATION AND BY ESTABLISHING MARKET VALUE AS THE BASIS OF TAXATION, EXCEPT FOR CERTAIN CASES, AND ADJUSTING THE TAXABLE PERCENTAGE ACCORDINGLY; TO CONSOLIDATE CLASSES; AND TO LOWER TAX RATES FOR NONAGRICULTURAL LAND AND IMPROVEMENTS, AMENDING 84-401 AND REPEALING 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, AND 84-308, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATORE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 84-301.1 that reads as follows:

84-301.1. Classification of taxable property. For the purpose of taxation, the taxable property in the state shall be classified in accordance with 84-301.2 through 84-301.14.

Section 2. There is a new R.C.M. section numbered 84-301.2 that reads as follows:

84-301.2. Class one property — description — taxable percentage. (1) Class one property includes the right of entry which is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals. The market value of the right of entry is determined by the department of revenue.

(2) Class one property is taxed at 100% of its market value.

Section 3. There is a new R.C.M. section numbered 84-301.3 that reads as follows:

84-301.3. Class two property — description — taxable percentage. (1) Class two property includes:

(a) all agricultural and other tools, implements, and machinery;

(b) gas and other engines and boilers and threshing machines and outfits used therewith;

(c) automobiles, motor trucks, and other power-driven cars and vehicles of all kinds except mobile homes;

(d) boats and all watercraft;

(e) harness, saddlery, and robes;

(f) manufacturing and mining machinery, fixtures, and supplies, except those included in classes six or seven;

(g) furniture and fixtures used in commercial, office, and hotel activities, except improvements included in class five;

(h) all property, except that included in class six, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The

average circuit miles for each station on the telephone communications system must be more than 1 1/4 miles to qualify for this classification.

(2) Class two property is taxed at 13% of its market value.

Section 4. There is a new B.C.M. section numbered 84-301.4 that reads as follows:

84-301.4. Class three property -- description -- taxable percentage. (1) Class three property includes:

(a) centrally assessed utility allocations after deduction of locally assessed properties, except as provided in:

(i) class two for rural telephones; and

(ii) class six for cooperatives;

(b) all other property not included in 84-301.2, 84-301.3, and 84-301.5 through 84-301.14.

(2) Class three property is taxed at 16% of its market value.

Section 5. There is a new B.C.M. section numbered 84-301.5 that reads as follows:

84-301.5. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land, except agricultural land meeting the qualifications of 84-437.2;

(b) all improvements, except those included in class





five or eight;

(c) all trailers affixed to land owned, leased, or under contract for purchase by the trailer owner;

(d) all mobile homes, except:

(i) those held by a distributor or dealer of mobile homes as part of his stock in trade; and

(ii) those included in class eight;

(e) livestock, poultry, and unprocessed products of both.

(2) Class four property is taxed at 10% of its market value.

Section 6. There is a new B.C.M. section numbered 84-301.6 that reads as follows:

84-301.6. Class five property -- description -- taxable percentage. (1) Class five property includes the incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements.

(2) Class five property is taxed at:

(a) 2% of the market value for the first full year following completion of the repair, maintenance, or improvment of existing improvements;

(b) 4% of the market value for the second full year following completion of the repair, maintenance, or improvement of existing improvements;

(c) 6% of the market value for the third full year

following completion of the repair, maintenance, or improvement of existing improvements;

(d) 8% of the market value for the fourth full year following completion of the repair, maintenance, or improvement of existing improvements; and

(e) 10% of the market value for the fifth full year and every year thereafter following completion of the repair, maintenance, or improvement of existing improvements.

Section 7. There is a new R.C.M. section numbered 84-301.7 that reads as follows:

84-301.7. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) business inventories as defined in this section;

(b) all unprocessed agricultural products on the farm or in storage, except:

(i) all perishable fruits and vegetables in farm storage and owned by the producer; and

(ii) livestock, poultry, and the unprocessed products or both;

(c) all property used and owned by cooperative rural electrical and cooperative rural telephone associations as provided in (2)(b) of this section.

(2) (a) "Business inventories" includes goods intended for sale or lease in the ordinary course of business and raw





materials and work in progress with respect to such goods. Business inventories does not include goods leased or rented or mobile homes held by a dealer or distributor as part of his stock in trade.

(b) The property of all cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana is included in this class; except that when less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town are served by the cooperative organization, the property is included in class two.

(3) Class six property is taxed at 5% of its market value.

Section 8. There is a new R.C.M. section numbered 84-301.8 that reads as follows:

84-301.8. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

(a) air pollution control equipment as defined in this section;

(b) all new industrial property as defined in this section;

(c) a capital investment in a recognized nonfossil form of energy generation, to the extent provided under 84-7403;

(d) a capital investment in a building for an energy

conservation purpose, to the extent provided under 84-7403.

(2) (a) "Air pollution control equipment" means facilities, machinery, or equipment, attached or unattached to real property, utilized to reduce, eliminate, control, or prevent air pollution. The department of health and environmental sciences determines if such utilization is being made.

(b) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, which is used by a new industry during the first 3 years of its operation. The property may not have been assessed prior to July 1, 1961, within the state of Montana.

(i) New industrial property is limited to industries that:

(A) manufacture, mill, mine, produce, process, or fabricate materials;

(B) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(C) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United





States office of management and budget.

(ii) New industrial property does not include:

(A) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(B) a plant that will create adverse impact on existing state, county, or municipal services;

(C) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

(c) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant or plants in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries.

(3) The department of revenue shall promulgate rules for the determination of what constitutes an adverse impact, taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Any person, corporation, firm, partnership, association, or other group seeking to qualify its property for inclusion in this class shall make application to the department of revenue in such a manner and form as the department requires. Once the department has made an initial

determination that the industrial facility qualifies as new industrial property, the department shall then, upon proper notice, hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing and may waive its objection to retention of this classification if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during the construction period. When a prepayment of taxes is required, the maximum amount of prepayment shall be the amount of tax the industry would have paid without the application of the class seven percentage to such property.

(4) If a major new industrial facility qualifies under class seven, the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in 84-41-105 does not begin until the class seven qualification expires.

(5) Class seven property shall be taxed at 5% of its market value.

Section 9. There is a new R.C.M. section numbered 84-301.9 that reads as follows:

84-301.9. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) any improvement on real property, a trailer





affixed to land, or a mobile home and appurtenant land not exceeding 5 acres, which together meet the following conditions:

(i) have a market value of not more than $27,500;

(ii) are owned or under contract for deed and are actually occupied for at least 10 months a year as the primary residential dwelling of:

(A) a widow or widower 62 years of age or older who qualifies under the income limitations of (C) of this section;

(B) a widow or widower of any age who has dependent children and who qualifies under the income limitations of (C) of this section; or

(C) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than $6,000 a year for a single person or $6,800 a year for a married couple;

(b) a dwelling house and the lot on which it is erected, owned, and occupied by a resident of the state who:

(i) has been honorably discharged from active service in any branch of the armed services; and

(ii) is rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor. In the event of the veteran's death, the dwelling house and the lot on which it is erected shall

remain in this class as long as the surviving spouse remains unmarried and the owner and occupant of the property.

(2) (a) A person applying for classification of property under (1)(a) must make an affidavit to the department of revenue on a form provided by the department without cost as to:

(i) his income, if applicable;

(ii) his retirement benefits, if applicable;

(iii) his marital status, if applicable; and

(iv) the fact that he maintains the land and improvements as his primary residential dwelling.

(b) The county welfare board may investigate the applicant as to the answers given on the form. For the purpose of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 94-7-203, relating to the criminal offense of false swearing.

(c) The assessed value of the property may not be increased during the life of the recipient of retirement





benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling.

(3) Class eight property is taxed at 5% of its market value.

Section 10. There is a new R.C.M. section numbered 84-301.10 that reads as follows:

84-301.10. Class nine property -- description -- taxable percentage. (1) Class nine property includes the annual net proceeds of all mines and mining claims, except coal mines.

(2) Class nine property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 84-5403.

Section 11. There is a new R.C.M. section numbered 84-301.11 that reads as follows:

84-301.11. Class ten property -- description -- taxable percentage. (1) Class ten property includes the annual gross proceeds of underground coal mines.

(2) Class ten property is taxed at 13% of the annual gross proceeds.

Section 12. There is a new R.C.M. section numbered 84-301.12 that reads as follows:

84-301.12. Class eleven property -- description -- taxable percentage. (1) Class eleven property includes the

annual gross proceeds of coal mines using the strip-mining method.

(2) Class eleven property is taxed at 45% of the annual gross proceeds.

Section 13. There is a new R.C.M. section numbered 84-301.13 that reads as follows:

84-301.13. Class twelve property -- description -- taxable percentage. (1) Class twelve property includes agricultural land as defined in 84-437.2.

(2) Class twelve property is taxed at 12% of its assessed value.

Section 14. There is a new R.C.M. section numbered 84-301.14 that reads as follows:

84-301.14. Class thirteen property -- description -- taxable percentage. (1) Class thirteen property includes moneyed capital and shares of banks.

(2) Moneyed capital is defined as moneys, bonds, notes, and other evidence of indebtedness, including evidence of indebtedness secured by mortgage on real or personal property, in the hands of individual citizens and corporations in competition with the business of national banks or employed in conducting a banking or investment business.

(3) In ascertaining the value of moneyed capital for taxation, any deposits and any indebtedness borrowed for use





as moneyed capital are deducted from the amount of bonds, notes, and other evidence of indebtedness.

(4) In ascertaining the value of the shares of a national bank for taxation, the book value of all real estate owned by a bank is deducted from the value of the shares and assessed to the bank separately. The shares of banking corporations engaged in the banking business in Montana are assessed at 100% of book value, less the book value of the real estate, moneyed capital, and other property of the bank that is assessed and taxed as the property of the bank.

(5) Class thirteen property is taxed at 30% of its book value, with the exception of the surplus shown on the bank's books. The surplus, to the amount of the stated capital of the bank, is taxed at 7% of its book value. The amount of surplus in excess of the stated capital is taxed at 30%.

Section 15. Section 84-401, R.C.M. 1947, is amended to read as follows:

"84-401. ~~Property assessed at forty percent (40%) of its full cash value -- exceptions~~ Assessments, definitions, and exceptions. (1) All taxable ~~real~~ property ~~and improvements~~ must be assessed at ~~forty percent (40%)~~ 100% of its ~~full cash~~ market value except as provided in subsection (5) of this section~~.~~.

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in classes one through eight. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in classes one through eight is the percentage of market value established for each class of property in 84-301.2 through 84-301.9.

(5) The assessed value of properties in classes nine through thirteen is as follows:

~~(1)~~ (a) Properties in ~~section 84-301,~~ 84-301.10 under ~~Class One~~ class nine, ~~shall be~~ are assessed at ~~one hundred percent (100%) of full cash value~~ of the annual net proceeds after deducting the expenses specified and allowed by 84-5403.

(b) Properties in 84-301.11 and 84-301.12, under classes ten and eleven, are assessed at 100% of the annual gross proceeds.

~~(2)~~ (c) ~~The assessment of agricultural lands shall be based upon~~ Properties in 84-301.13, under class twelve, are assessed at 100% of the productive capacity of the lands





when valued for agricultural purposes. All lands that meet the qualifications of 84-437.2 ~~shall be~~ are valued as agricultural lands for tax purposes ~~that meet the qualifications of section 84-437.2, R.C.M. 1947~~.

(d) Property in 84-301.14, under class thirteen, is assessed at 100% of book value, by the method established in 84-301.14, 84-4604, and 84-4605.

(6) Land and the improvements thereon ~~shall be~~ are separately assessed when any of the following conditions occur:

(a) ~~when~~ ownership of the improvements is different from ownership of the land~~,~~;

(b) ~~when requested in writing by the taxpayer,~~ the taxpayer makes a written request; or

(c) ~~when~~ the land is outside an incorporated city or town.

(7) The taxable value of all property ~~shall be determined by sections 84-301 and 84-308~~ in classes nine through thirteen is the percentage of assessed value established in 84-301.10 through 84-301.14 for each class of property."

Section 16. Section 11-988, R.C.M. 1947, is amended to read as follows:

"11-988. Power of cities and towns to acquire natural gas and distributing system ~~therefor~~. The city or town

council has power to contract an indebtedness of a city or town upon the credit thereof by borrowing money or issuing bonds for the construction, purchase, or development of an adequate supply of natural gas, and to construct or purchase a system of gas lines for the distribution thereof to the inhabitants of ~~said~~ the city or town or vicinity~~:~~. ~~provided, that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~, and provided further, that no~~ No money ~~must~~ may be borrowed or bonds issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town, affected thereby and the majority vote cast in its favor ~~thereof~~."

Section 17. Section 11-1011, R.C.M. 1947, is amended to read as follows:

"11-1011. Tax levy for band concerts. For the purpose of providing band concerts ~~as in this act provided~~, the council or other governing body in any town or city of the first, second, or third class, or of any incorporated town, may assess and levy, in addition to the levy for general





municipal or administrative purposes, an amount not ~~exceeding~~ to exceed ~~one~~ 1 mill on the dollar on the ~~assessed~~ taxable value of the ~~taxable~~ property of the ~~said~~ city or town subject to taxation."

Section 18. Section 11-1019, R.C.M. 1947, is amended to read as follows:

"11-1019. Operation of bus lines — contracting indebtedness. Whenever a city or town is not being served by a bus company or operator, operating on a regular schedule, and under the jurisdiction of the public service commission or if such service ~~is to be or~~ is likely to be discontinued in the immediate future, the city or town council of any incorporated city or town ~~shall have the power to~~ may contract an indebtedness of any such city or town upon the credit thereof by borrowing money or issuing bonds for the purchase, development, operation, or leasing of motor buses and bus lines for the transportation of passengers within the corporate limits of such cities and towns, and to operate the same to any point or points beyond ~~said~~ these limits not to exceed ~~eight (8)~~ miles, measured along the route of ~~said~~ the bus line~~:~~. ~~provided that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, ~~must~~ may not at any time exceed ~~five per centum (5%)~~ 18% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of

the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~,~~ ~~and provided further, that no~~ No money ~~must~~ may be borrowed or bonds issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town~~,~~ and the majority vote cast in its favor ~~thereof~~."

Section 19. Section 11-1301, R.C.M. 1947, is amended to read as follows:

"11-1301. Presentation of claims -- limitation of actions. All accounts and demands against a city or town must be presented to the council duly itemized. All claims against a city or town shall contain the following statement: "I certify that this claim is correct and just in all respects~~,~~ and that payment or credit has not been received." Claims need not be accompanied by affidavit by the party or his agent. These claims must be presented with all necessary and proper vouchers~~,~~ within ~~one (1)~~ year from the date the same accrued~~;~~ ~~and any~~ Any claim or demand not so presented within ~~the~~ this time ~~aforesaid~~ is forever barred, and the council has no authority to allow any account or demand not so presented~~,~~ ~~nor must any~~ No action may be maintained against the city or town for or on account of any demand or claim against the ~~same~~, city or town until such demand or claim has first been presented to the





council~~,~~ ~~for action thereon; provided, however, that in~~ In case the total indebtedness of a city or town has reached ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of ~~such~~ the city or town~~,~~ subject to taxation as ascertained by the last assessment for state and county taxes, ~~it shall be lawful for, and such~~ the city or town ~~is hereby authorized and empowered, to~~ may conduct its affairs and business on a cash basis as provided ~~and contemplated~~ by ~~the next section of this code~~ 11-1302."

Section 20. Section 11-1909, R.C.M. 1947, is amended to read as follows:

"11-1909. Levy of tax for volunteer fire departments. For the purpose of supporting volunteer fire departments in any city or town which does not have a paid fire department~~,~~ and for the purpose of purchasing the necessary equipment ~~therefor~~ for them, the council in any city or town~~,~~ may ~~assess and~~ levy, in addition to other levies permitted by law, a special tax not exceeding ~~two (2)~~ mills on each dollar of the ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town ~~and, provided, further, that the words "assessed valuation" as used in this section shall be the percentage of the true and full valuation of the taxable property provided in section 84-301 and shall not be deemed to be the true and full valuation of such~~

~~property~~ subject to taxation."

Section 21. Section 11-1919, R.C.M. 1947, is amended to read as follows:

"11-1919. State auditor to pay fire department relief association out of premium taxes collected from insurance companies. (1) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every such~~ the city or town, ~~entitled by law to receive the same, out of the premium taxes on insurance risks enumerated in subsection (6) collected by him,~~ an amount equal to ~~ten per centum (10%)~~ of the total annual compensation paid by such city or town to its paid or part-paid firemen for services in the previous calendar year. This amount is paid out of the premium taxes on insurance risks enumerated in subsection (6) and collected by the state auditor. The city clerk of each such city or town shall certify in writing to the state auditor, on or before April 1 of each year, the amount ~~so~~ paid by ~~such~~ the city or town as compensation for services to paid or part-paid firemen.

(2) ~~In the event of a disaster resulting in the death or injury sufficient to draw pension of ten percent (10%) of the active force~~ When 10% of the active force, due to a





disaster, suffers injury or death sufficient to draw pension and ~~when~~ the fund of ~~such~~ the fire department relief association after receiving all moneys as designated in ~~section~~ 11-1911 and ~~section~~ 11-1912 and the ~~ten percent (10%)~~ of annual compensation as designated in this chapter does not show at least the ~~one (1)~~ mill growth as referred to in ~~section~~ 11-1912, then the treasurer of such relief association shall request and the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every~~ the city or town entitled to receive the same, ~~out of the premium tax collected by him,~~ an additional amount to show at least the ~~one (1)~~ mill growth referred to in ~~section~~ 11-1912. This amount is paid out of the premium tax collected by the state auditor.

(3) In the event a city of the first or second class is not entitled to receive a sum equal to ~~forty-five one hundredths (45/100)~~ 1 1/2 mills of its total ~~assessed valuation~~ taxable value under the foregoing method of computation, ~~then, in that event,~~ the fire department relief association of that city shall receive its money in the same manner as provided below for cities of the third class.

(4) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or

town, except cities or towns of the first or second class, for the use and benefit of the fire department relief association legally existing in every such city or town entitled by law to receive the same, his warrant for an amount equal to ~~forty-five one-hundredths (45/100)~~ 1 1/2 mills of the total ~~assessed valuation~~ taxable value of the city or town. This amount is to be paid from premium taxes, after deducting cancellations and return premiums, collected by the state auditor~~, ex officio insurance commissioner,~~ from insurers authorized to effect insurance on risks enumerated in subsection (6) of this section, ~~as said~~ to which the cities or towns are each severally entitled ~~to~~.

(5) ~~The legally organized and existing fire department relief associations in~~ In all cities or towns where the taxes on premiums collected and distributed pursuant to subsection (4) above ~~is~~ are insufficient to make an amount equal to ~~one hundred dollars ($100)~~, the fire department relief association shall receive ~~such~~ an additional amount from the total taxes on premiums collected from insurers ~~authorized to effect insurance against~~ of the risks enumerated in subsection (6) of this section as may be necessary to make the total amount received by ~~said~~ the fire department relief association equal ~~to the sum of one hundred dollars ($100)~~.

(6) The risks referred to in subsection (4) ~~above,~~ are





~~enumerated as follows~~:

(a) ~~Insurance~~ insurance of ~~houses, buildings, and~~ all ~~other kinds of~~ property and goods against loss or damage by fire or other casualty~~;~~ ~~and all kinds of insurance on goods, merchandise, or other property in the course of transportation, whether on land or water or air;~~

(b) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine and inland navigation and transportation perils;

(c) insurance of growing crops against loss or damage resulting from hail or the elements;

(d) insurance against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus;

(e) ~~and~~ insurance against loss or legal liability for loss ~~because of damage to property~~ caused by ~~the use of~~ teams or vehicles; and ~~whether by accident or collision or by explosion of any engine or tank or boiler or pipe or tire of any vehicle, and also including~~

(f) insurance against theft of the whole or any part of any vehicle."

Section 22. Section 11-2201, R.C.M. 1947, is amended to read as follows:

"11-2201. Special improvements — powers of city council. (1) All streets, alleys, places, or courts in the

municipalities of this state, now open or dedicated~~,~~ or which may hereafter be opened or dedicated to public use, ~~shall be deemed and held to be~~ are open public streets, alleys, pleces, or courts~~,~~ for the purposes of this chapter, and the city council of each municipality ~~is hereby empowered to~~ may establish and change the grades of ~~said~~ the streets, alleys, places, or courts~~,~~ and fix the width thereof~~,~~ and ~~is hereby invested with jurisdiction to~~ may acquire private property for ~~right of way,~~ right-of-way and ~~to~~ order to be done any of the work mentioned in this chapter under the proceedings hereinafter described.

~~Further, that in addition to the powers heretofore granted, when~~ (2) When the public interest or convenience requires, the governing body of a municipality may:

~~(1)~~ (a) ~~Establish~~ establish pedestrian malls~~;~~

~~(2)~~ (b) ~~Prohibit~~ prohibit, in whole or in part, vehicular traffic on a pedestrian mall~~;~~

~~(3)~~ (c) ~~Pay~~ pay, from general funds of the municipality or other available moneys or from the proceeds of assessments levied on lands benefited by the establishment of a pedestrian mall, the damages, if any, allowed or awarded to any property owner by reason of the establishment of a pedestrian mall~~,~~ ~~provided that the~~ The resolution of intention ~~contains~~ must contain a statement that an assessment will be levied to pay the whole or a stated



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portion of such damages, if any, allowed or awarded to any property owner by reason of the establishment of such pedestrian mall~~;~~

~~(4)~~ (d) ~~Construct~~ construct improvements on public streets ~~which~~ that have been or will be established as a pedestrian mall, ~~improvements of any kind or nature necessary or convenient to the operation of such streets as a pedestrian mall,~~ including but not limited to paving, sidewalks, curbs, sewers, covered walkways or areas, air conditioning, drainage works, street lighting facilities, fire protection facilities, flood protection facilities, water distribution facilities, vehicular parking areas, retaining walls, landscaping, tree planting, statuary, fountains, decorative structures, benches, rest rooms, child care facilities, display facilities, information booths, public assembly facilities, and other structures, works, or improvements necessary or convenient to serve members of the public using such pedestrian mall, including the reconstruction or relocation of existing municipally owned works, improvements, or facilities on such streets. ~~Such~~ The improvements or structures may be attached to abutting private buildings or structures, provided that ~~such~~ the improvements or structures ~~shall be~~ are located on public property.

~~(a)~~ (3) ~~It is further provided that in addition to the~~

~~purposes for which an improvement district may be formed, as heretofore set forth, an~~ An improvement district may also be formed for the sole purpose of ~~the operation, maintenance, repair and improvements of~~ operating, maintaining, repairing, and improving pedestrian malls, off-street parking facilities, and parkings and parkways.

~~(b)~~ (4) Subject to the powers granted and the limitations contained in this section, the powers and duties of the municipality and the procedure to be followed ~~shall be~~ are as provided in this ~~article~~ chapter for other types of special improvement districts.

~~(c)~~ (5) If a petition for the formation of an improvement district under the provisions of this section is presented to the governing body purporting to be signed by all of the real property owners in the proposed district, exclusive of mortgagees and other lien holders, the governing body, after verifying such ownership and making a finding of ~~such~~ the fact, shall adopt a resolution of intention to order the improvement ~~pursuant to the provisions of section~~ as provided in 11-2204, and shall have immediate jurisdiction to adopt the resolution ordering the improvement pursuant to the following provisions, without the necessity of the publication and posting of the resolution of intention provided for in ~~section~~ 11-2204.

~~(d)~~ (6) The governing body shall make annual statements





and estimates of the expenses of the district, which shall be provided for by the levy and collection of ad valorem taxes upon the ~~assessed~~ taxable value of all the real and personal property in the district, shall publish notice thereof, and shall have hearings ~~thereon~~ on the statements and estimates and adopt them ~~at the times and in the manner~~ as provided for incorporated cities and towns by ~~the applicable portions of sections~~ 11-2204 and 11-2206. The governing body, on or before the second Monday in August of each year, shall fix, levy, and assess the amount to be raised by ad valorem taxes upon all of the property of the district. All statutes providing for the levy and collection of state and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, shall be applicable to the district taxes provided for under this section.

~~(e)~~ (7) An improvement district formed for the purposes of establishing a pedestrian mall or off-street parking may be financed in accordance with the provisions of ~~section~~ 11-2214, ~~R. C. S. 1947,~~ and/~~or~~ in accordance with the methods of financing set forth for the construction of water or sewer systems as set forth in ~~section~~ 11-2218, ~~R. C. S. 1947~~.

~~(f)~~ (8) ~~Create~~ The governing body may create special lighting districts on any street or streets or public

highway ~~therein or portions thereof~~ for the purposes of lighting ~~such street or streets or public highway and is hereby empowered to~~ them and assess ~~such~~ the costs for installation and maintenance to property abutting thereto and ~~to~~ collect ~~such~~ the costs by special assessment against ~~said~~ the property.

(9) Further, ~~that in addition to the powers heretofore granted,~~ the city or town council ~~is empowered to~~ may make assessments in the manner provided in ~~section~~ 11-2245 ~~hereafter~~ on property abutting ~~said~~ the street or highway and lying outside the boundaries of ~~said~~ the city or town, ~~so~~ as long as that portion of the street or public highway to be lighted is adjacent to the boundary line of ~~said~~ the city or town, ~~or~~ lies partially within ~~said~~ the city or town, or extends from one point within ~~said~~ the city or town to another point within ~~said~~ the city or town."

Section 23. Section 11-2205, R.C.M. 1947, is amended to read as follows:

"11-2205. Assessment of extended district including lots not fronting on improvement. Whenever the contemplated work of improvement, in the opinion of the city council, is of more than local or ordinary public benefit, or whenever, according to estimates furnished by the city engineer, the total estimated costs and expenses thereof would exceed ~~one-half~~ 1/5 of the total ~~assessed~~ taxable value of the lots





and lands ~~assessed, if assessed upon the lots or lands~~ fronting upon said proposed work or improvement, according to the valuation fixed by the last assessment roll, ~~whereon it was assessed for taxes for municipal purposes,~~ the city council may ~~make~~ charge the expenses of ~~such~~ the work or improvement ~~chargeable upon~~ to an extended district ~~and which~~ that may include other lots not fronting on the improvement, and which the ~~said~~ city council ~~shall,~~ in its resolution of intention, ~~declare~~ declares to be the district benefited by ~~said~~ the work or improvements ~~and to be assessed to pay the costs and expenses thereof~~."

Section 24. Section 11-2303, R.C.M. 1947, is amended to read as follows:

"11-2303. Limitation on amount of indebtedness. No city or town ~~shall~~ may issue bonds for any purpose in an amount which, with all outstanding and unpaid indebtedness, will exceed ~~five per centum (5%)~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, to be ascertained by the last assessment for state and county taxes~~;~~, ~~provided, however, that for~~ For the purpose of constructing a sewerage system, ~~or~~ procuring a water supply, or constructing or acquiring a water system for a city or town, which shall own and control ~~such~~ the water supply and water system and devote the revenues therefrom to the payment of the debt, a city or town may incur an

additional indebtedness by borrowing money or issuing bonds. The additional total indebtedness ~~which~~ that may be incurred by borrowing money or issuing bonds for the construction of a sewerage system, ~~or~~ for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted, which is unpaid or outstanding, ~~shall~~ may not in the aggregate exceed ~~ten per centum (10%)~~ over and above the ~~five per centum (5%)~~ 18% heretofore referred to, of the total taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds ~~shall~~ is not ~~be deemed~~ the incurring of a new or additional indebtedness, but ~~shall be deemed~~ is merely the changing of the evidence of outstanding indebtedness."

Section 25. Section 11-3921, R.C.M. 1947, is amended to read as follows:

"11-3921. Allocation of taxes. (1) Any urban renewal plan, as defined in ~~section~~ 11-3901, may contain a provision or be amended to contain a provision providing that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, any city, county, or other political subdivisions for which taxes are levied, ~~(hereafter referred to as taxing bodies)~~ shall be allocated,





after the effective date of such provision as provided in subsections (3) and (4) of this section.

(2) For the purposes of this section,:

(a) "prior ~~assessed~~ taxable value" means the ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation as shown on the assessment roll last equalized prior to the effective date of the urban renewal plan;. ~~notwithstanding~~ Notwithstanding the provisions of this act, any increase resulting from a comprehensive revaluation of all property within the county may be applied to the property for the purpose of determining the "prior ~~assessed~~ taxable value";.

(b) the word "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property,;

(c) "taxing body" is any city, county, or other political subdivision for which taxes are levied.

(3) The portion of taxes produced by levies ~~for a taxing body~~ upon the total sum of the prior ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation shall be allocated and paid into the funds of the taxing body like taxes paid by or for the taxing body on all other property. For the purpose of allocating taxes levied by a taxing body that did not include the urban renewal area on the effective date of the

provision allocating the taxes but to which the urban renewal area has since been annexed or otherwise included, the assessment roll of the county last equalized prior to the effective date of the provision shall be used in determining the prior ~~assessed~~ taxable value.

(4) The portion of taxes levied by ~~such~~ the taxing body each year in excess of the amount levied under subsection (3) shall be paid by the county treasurer into a special fund held by the city treasurer to pay the principal and interest on bonds issued under authority of ~~section~~ 11-3910, except that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual ~~assessed valuation~~ taxable value of all property in the urban renewal area exceeds the prior ~~assessed~~ taxable value of all taxable property within such area, the actual ~~assessed~~ taxable value of all property shall be used for taxation purposes.

(5) The portion ot taxes allocated in subsection (4) above, and the special fund into which they are paid, may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of ~~section~~ 11-3910, or bonded indebtedness, incurred by a municipality to refinance in whole or in part, the urban renewal project.





Prior to the sale of any bonds, there shall be ~~(a)~~ an election under ~~sections~~ 11-2308 and 11-2309 approving such sale, or ~~(b)~~ a petition for the sale signed by the owners of record of at least ~~fifty-one percent~~ (51%) of the land within the urban renewal district.

(6) After all bonds and interest have been paid, all ~~monies~~ moneys received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property."

Section 26. Section 11-4111, R.C.M. 1947, is amended to read as follows:

"11-4111. Levy authorized -- uses -- restrictions. (1) Upon an affirmative vote of a majority of the qualified voters voting in a city, county, or town on the question of whether the governing body may levy a tax for economic development, the governing body of that city, county, or town is authorized to levy in any one election up to ~~one (1)~~ mill upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in the county, city, or town subject to taxation for the purpose of economic development, for a period not to exceed ~~five (5)~~ years~~, by any one election~~.

(2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing buildings to house manufacturing and processing operations, conducting preliminary feasibility studies, promoting economic

development opportunities in a particular area, and other activities generally associated with economic development. These funds may not be used to directly assist an industry's operations by loan or grant ~~nor~~ or to pay the salary or salary supplements of government employees.

(3) The governing body of the county, city, or town may use the funds derived from this levy to contract with local development companies, and other associations or organizations capable of implementing the economic development function."

Section 27. Section 14-307, R.C.M. 1947, is amended to read as follows:

"14-307. Lien of corporate indebtedness upon membership lands. ~~From and after~~ After the date of the inclusion of any land or property as a member ~~thereof~~ in any corporation, or district, organized under the provisions ~~hereof~~ of this section, all mortgage or bonded indebtedness ~~thereafter~~ created by such corporation, or district, ~~shall be deemed~~ is a first lien upon ~~such~~ the membership lands, to ~~the~~ an extent ~~of~~ not to exceed ~~five per cent~~ 18% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is grazing or agricultural, and not to exceed ~~ten per cent~~ 36% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is horticultural or vegetable-producing ~~lands~~. The recording of the copy of the





articles of incorporation, or petition to become a member of such corporation, or district, ~~shall be~~ is notice to all subsequent lien claimants that ~~such~~ the lands are subject to a first lien, ~~of not to exceed the amount specified herein; provided,~~ However, nothing ~~herein shall~~ in this section may be construed as placing a limit upon the indebtedness that may be made a lien against any of the corporate or property assets of the corporation, or district, as distinguished from membership lands individually owned, ~~and included therein for the purposes hereof~~."

Section 28. Section 16-502, R.C.M. 1947, is amended to read as follows:

"16-502. Basis of taxation upon creation of new county -- terms used in law defined. For the purposes of this act, the assessed valuation of all property, whether included within the boundaries of a proposed new county, or remaining within the boundaries of any existing county or counties from which territory is taken, shall be fixed and determined on the same basis as is used for the imposition of taxes in the state of Montana, ~~to wit: by taking that percentage of the true and full value of all taxable property in any county specified by section 84-302~~.

~~Whenever in this act the term "assessed valuation" or "valuation based on the last assessment roll" is used, said terms shall be construed as meaning taxable valuation~~

~~determined as herein provided, not the full and true valuation of property.~~"

Section 29. Section 16-807, R.C.M. 1947, is amended to read as follows:

"16-807. Limit of indebtedness. No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding ~~five per centum~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness~~,~~ ~~and all~~ All bonds or obligations in excess of such amount given by or on behalf of ~~such~~ the county are void. No county may incur ~~any~~ indebtedness or liability for any single purpose to an amount exceeding ~~forty thousand dollars ($40,000)~~ without the approval of a majority of the electors thereof voting at an election to be provided by law~~;~~ except as provided in ~~sections~~ 16-1407.1 and 16-1407.2."

Section 30. Section 16-808, R.C.M. 1947, is amended to read as follows:

"16-808. Counties indebted beyond constitutional limit may operate on cash basis. ~~That is~~ In case the total indebtedness of a county, lawful when incurred, ~~by reason of great diminution of assessed value~~ exceeds the limit of ~~five per centum (5%)~~ 18%, by reason of great diminution of





taxable value, ~~it shall be lawful for said~~ the county ~~and it is hereby authorized and empowered to thereafter manage and~~ may conduct its business affairs on a cash basis and pay the reasonable and necessary current expenses of ~~said~~ the county out of the cash in the county treasury and derived from its current revenue~~,~~ and under such restrictions and regulations as may be imposed by the board of county commissioners of ~~said~~ the county by a resolution duly adopted and ~~spread upon~~ included in the minutes of ~~said~~ the board~~;~~. ~~provided, however, that nothing herein shall restrict~~ Nothing in this section restricts the right of ~~said~~ the board to make the necessary tax levies for interest and sinking fund purposes, and ~~provided further that~~ nothing ~~herein shall affect~~ in this section affects the right of any creditor of ~~said~~ the county to pursue any remedy now given him by law to obtain payment of his claim."

Section 31. Section 16-1152, R.C.M. 1947, is amended to read as follows:

"16-1152. Tax levy for payment of warrants. The board of county commissioners shall annually determine the amount of ~~such~~ the warrants drawn on the general fund for the purposes of controlling insect pests under a cropland spraying program approved by the department of agriculture~~,~~ ~~and~~ In the succeeding year, the board shall levy a tax for the purpose of insect pest extermination sufficient ~~in~~

~~amount~~ to reimburse ~~said~~ the general fund for the money ~~so~~ paid out on ~~such~~ the warrants~~,~~. ~~which said~~ The tax shall be levied upon all the property in the county and shall not exceed ~~three (3)~~ mills on each dollar of ~~assessed valuation~~ taxable value. If there ~~be~~ is no money in the general fund with which to pay such warrants, they shall be registered and bear interest in the same manner as other county warrants~~,~~. ~~but in such~~ In this case the interest shall be computed and added to the amount for which such tax is levied."

Section 32. Section 16-1412, R.C.M. 1947, is amended to read as follows:

"16-1412. Budget for district fairs — consideration by county commissioners — tax levy — district fair fund — expenditures. (1) ~~Aside from the revenue derived from annual fairs or other exhibitions conducted, the necessary revenue shall be raised as follows: The~~ To raise the revenue necessary to hold district fairs, the board of directors shall meet during the first week of May of each year~~,~~ and ~~shall~~ make a budget of the amounts required in the conduct of the affairs of the district~~,~~ for the following year. ~~and~~ The board shall deduct ~~therefrom~~ from the budget the probable income from the annual district fair and other exhibitions to be held by ~~said~~ the district during the following year~~,~~ and shall then apportion the remaining





balance among the various counties forming ~~said~~ the district in proportion to the assessed property of each county as determined by the assessment rolls of the preceding year~~:~~. ~~save in the case of~~ By mutual agreement of the directors, the share apportioned to the county in which the fair is being conducted~~, in which county the levy may, by mutual agreement of the directors,~~ may be made larger than in other counties comprising the district~~,~~. ~~and the~~ The secretary shall certify to each board of county commissioners the amount of ~~said~~ the budget and the amount of revenue to be raised by ~~such~~ the county for ~~such~~ these purposes~~,~~ and shall file a certified copy thereof with the clerk of the board of county commissioners of each of the counties in ~~said~~ the district on or before ~~the first day of~~ June 1 of each year. The respective boards of county commissioners of the counties comprising ~~said~~ the district~~,~~ shall meet in joint assembly with their county fair commissioners during the first week of June of each year and ~~shall~~ jointly consider the budget proposed by the board of directors of the district~~,~~ and ~~shall~~ give such approval or suggest such amendments or modifications as ~~to them may seem~~ they think proper and desirable.

(2) If the county commissioners ~~shall~~ fail to hold ~~such~~ the joint meeting~~,~~ or ~~shall~~ fail to take any action, then the budget~~,~~ certified by the secretary of the fair

district shall be~~,~~ without further action~~,~~ ~~deemed~~ approved~~,~~ and the sums of money apportioned to the county shall be the sums to be raised by special levy for ~~said~~ this purpose. For the purpose of raising the ~~aforesaid~~ revenues, the board of county commissioners of each county in the district shall annually make a levy to raise the required sum apportioned to the respective counties~~;~~, ~~provided however that~~ However, the ~~said~~ levy shall not exceed ~~one (1)~~ mill on the dollar of the ~~assessed valuation~~ taxable value of all the taxable property in the county~~;~~, except in the case of the county in which the fair is being conducted~~,~~, ~~in which~~ In this county, the levy shall not exceed ~~one and one-half (1 1/2)~~ mills on the dollar of taxable property in the county~~;~~. ~~In~~ In addition ~~thereto~~ to this levy, any and all moneys available ~~to~~ for the holding of county fairs may be allotted and transferred to the use of the district fair as the respective county fair commissioners may elect~~;~~. ~~The~~ The funds available to a district fair shall, on the first Monday in August or as soon thereafter as may be possible, be deposited with the county treasurer of the county in which the district fair is to be held and ~~by him and~~ credited to a fund to be known as the district fair fund, held and paid out in the same manner as the county fair fund, except that it shall be paid out on district fair board warrants signed by the chairman or the vice-chairman





and the secretary of the district fair board~~;~~, ~~provided that the~~ The treasurer of the county in which the district fair ~~shall~~ will be held shall carry the moneys received from the various counties in the district in the regular county fair fund in the same manner as regular county fair moneys, payable, however, only on district fair warrants."

Section 33. Section 16-2010.1, R.C.N. 1947, is amended to read as follows:

"16-2010.1. Limit on city-county consolidated indebtedness. No city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, ~~will~~ may exceed ~~seven and one-half percent (7 1/2%)~~ 27% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes~~;~~. ~~provided, however, that~~ However, for the purpose of constructing a sewerage system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government~~,~~ which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds. The additional indebtedness, which may be incurred by borrowing money or issuing bonds for the construction of a sewerage system~~,~~ or

for the procurement of a water supply~~,~~ or for both such purposes, ~~including all indebtedness theretofore contracted which is unpaid or outstanding,~~ may not in the aggregate exceed ~~ten percent (10%),~~ over and above the ~~seven and one-half percent (7 1/2%)~~ 27% heretofore referred to~~,~~ of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness~~,~~ but is merely the changing of the evidence of outstanding indebtedness."

Section 34. Section 16-4020, R.C.M. 1947, is amended to read as follows:

"16-4020. Disposal of property — leasing — sale. (1) Each county to which any part of an abandoned and abolished county is attached ~~and made a part and becoming~~ becomes the owner under the provisions of this act of the real and ~~any~~ tangible personal property of ~~an~~ the abandoned and abolished county and may use all of ~~such~~ this property for county purposes, ~~or~~ may lease any of ~~such~~ this real estate~~,~~ or may sell any of ~~such~~ the real estate or personal property.

(2) ~~provided that no such~~ No personal property having a value in excess of ~~one hundred dollars ($100.00) shall be sold unless the same~~ may be sold unless it has been





appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers~~, residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned and abolished county~~,~~ and who were appointed by the judge of the district court to which the county succeeding to the ownership of ~~such~~ the property is attached, on petition of the board of county commissioners thereof~~,~~. ~~and no~~ No sale of any ~~such~~ personal property ~~shall~~ may be made except at public sale after notice or for a price less than ~~ninety per centum (90%)~~ of ~~such~~ the appraised value.

~~(2)~~(3) No ~~such~~ real property ~~shall~~ may be leased unless the board of county commissioners ~~shall present~~ presents to the judge of the district court to which the county is attached a petition describing the real estate, with any improvements thereon, and setting forth the terms of the proposed lease~~,~~. ~~and the same~~ The petition shall be approved by ~~such~~ the judge~~, which approval shall be endorsed on such petition~~ and filed in the office of the clerk of ~~said~~ the county.

~~(3)~~(4) No real estate ~~shall~~ may be sold by ~~said~~ the board of county commissioners unless the ~~same~~ property has been appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers ~~residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned and abolished county~~,~~ and who were appointed by

the judge of the district court to which the county is attached, on petition of the board of county commissioners of such county~~,~~. ~~and every such~~ Every sale of real estate shall be made at public sale, and notice ~~of such sale~~ shall be published in the official newspaper of the county once a week for at least ~~two~~ 2 weeks immediately prior to the date ~~for holding~~ of the ~~same~~, sale. ~~in the official newspaper of the county, and no such~~ No real estate ~~shall~~ may be sold for a price less than ~~ninety per centum (90%)~~ of ~~the~~ its appraised value ~~thereof~~.

~~(4)~~ (5) The full purchase price of any real estate ~~so~~ sold ~~shall~~ need not ~~be required to~~ be made in one payment. ~~but the~~ The purchaser ~~thereof~~ may pay the ~~same~~ full purchase price in four installments, the first of which ~~shall~~ may be not less than ~~twenty-five per centum (25%)~~ of the purchase price ~~to be~~ and paid at the time of purchase~~,~~. ~~the~~ The remainder ~~to~~ must be paid in three equal annual installments with interest thereon at not less than ~~five per centum (5%)~~ per ~~annum~~ year. All real estate sold, with any improvements thereon, shall be subject to assessment and taxation annually to the purchaser or his successor in interest, at a value equal to the amount paid on the purchase price ~~thereof~~ until the purchase price is fully paid. ~~when such~~ At that time, the real estate and any and all improvements placed on any real estate shall be assessed at ~~its full cash value,~~





their value as provided in 84-401 ~~and any and all improvements placed on any such real estate, after its purchase, shall be subject to assessment and taxation at the full cash value thereof~~. Whenever the purchase price of any real estate is to be paid in installments, the board of county commissioners shall enter into a contract with the purchaser ~~thereof~~ and ~~such~~ the contract shall be recorded in the office of the county clerk. When payment in full has been made for any personal property or real estate, the chairman of the board of county commissioners shall execute and deliver the proper bill of sale or deed to the purchaser~~,~~ or his successor in interest.

~~(5)~~ (6) The compensation of all appraisers appointed under the provisions of this section shall be fixed by the district judge appointing ~~the same~~ them. Moneys received from leases or sales of real or personal property by any county other than the county ~~designated in the petition for abandonment as the county to which the territory of the abandoned county is to be allocated~~ succeeding to ownership of the abandoned county shall be transmitted by the officers of ~~such~~ the counties to the treasurer of the succeeding county ~~designated in such petition for abandonment~~.

~~(6)~~ (7) All moneys received from the sales of personal property and from the leasing or sales ~~of~~ of real estate, after deducting therefrom the amounts paid appraisers and

for publishing notices of sale, shall be used ~~and applied~~ as follows:

(a) ~~If~~ if there are any warrants issued and outstanding against any of the funds of the abandoned and abolished county, such moneys shall be applied in payment of such warrants and interest;

(b) if there are no ~~such~~ warrants outstanding but district bonds have been issued under the provisions of subdivision (b) of ~~section~~ 16-4016, then ~~such~~ the moneys shall be deposited in the sinking and interest fund for ~~such~~ district ~~bond~~ bonds;

(c) if there ~~be~~ are no ~~such~~ district bonds outstanding, then ~~such~~ the moneys shall be deposited to the credit of the sinking and interest funds for bonds issued and outstanding when the abandoned and abolished county ceased to exist~~,~~; and

(d) if there ~~be~~ are no ~~such~~ bonds outstanding ~~and unpaid~~, then ~~such~~ the moneys shall be apportioned to all of the counties to which parts of the abandoned county were attached in the proportion which the ~~assessed valuation~~ taxable value of the property in each ~~such~~ part on ~~the first day of~~ January 1 immediately preceding the abandonment bears to the ~~assessed valuation~~ taxable value of all the property in ~~such~~ the abandoned county. ~~and~~ The apportioned moneys shall be deposited in ~~such~~ the funds of ~~such~~ each county as





the boards of county commissioners of ~~such~~ the counties may direct."

Section 35. Section 32-3107, R.C.M. 1947, is amended to read as follows:

"32-3107. Report of county road superintendent -- order creating district. (1) At the next annual meeting of the board after the road superintendent has completed surveying the road and making estimates, he shall make a detailed report. ~~(a)~~ The report shall state that the maps, descriptions, plans, specifications, and details and estimates of damages, costs, and expenses have been completed.

(2) The whole amount of damages, costs, and expenses shall not exceed ~~fifty per cent (50%)~~ 135% of the total ~~assessed valuation~~ taxable value of the parcels of land in the district, as determined from the last annual assessment roll of the county. If it does not, the board shall make and enter upon the report an order that the road be made.

(3) That order shall create the local improvement district to be known and designated as local improvement district No. .... in .... county, Montana. Copies of the report shall be kept in the offices of the board and road superintendent."

Section 36. Section 46-1914, R.C.M. 1947, is amended to read as follows:

"46-1914. Levy of tax for purpose of paying for destruction of wild animals — limitation on levy. The department of revenue shall annually prescribe the levy recommended by the department to be made against livestock of all classes, for paying for the destruction of wild animals killed in this state. The tax in any one year may not exceed ~~one and one half (~~1 1/2~~)~~ mills on the ~~assessed valuation~~ taxable value of the livestock. The money received shall be used only for the payment of claims for the destruction of wild animals and for the administration of this act, approved by the department. The money received for the taxes levied shall be sent annually with other taxes ~~for state purposes~~ to the state treasurer by the county treasurer of each county. ~~and when~~ When the money is received by the state treasurer, it shall be placed in the earmarked revenue fund, and ~~the money~~ may then be paid out on claims approved under the law governing the payment of claims."

Section 37. Section 53-114, R.C.M. 1947, is amended to read as follows:

"53-114. Application for registration of motor vehicles and payment of license fees thereon — assessment of motor vehicles in the stock of licensed motor vehicle dealers as merchandise. (1) Every owner of a motor vehicle operated or driven upon the public highways of this state





shall, for each motor vehicle owned, except as herein otherwise expressly provided, file, or cause to be filed, in the office of the county treasurer ~~therein~~ where ~~such~~ the motor vehicle is owned or taxable, an application for registration, or reregistration, upon a blank form to be prepared and furnished by the registrar of motor vehicles, ~~which~~ The application shall contain:

(a) ~~Name~~ name and address of owner, giving county, school district, and town or city within whose corporate limits the motor vehicle is taxable;

(b) ~~Name~~ name and address of conditional sales vendor, mortgagee, or holder of other lien against ~~said~~ the motor vehicle, with statement of amount owing under such contract or lien;

(c) ~~Description~~ description of motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, type of body, and, if truck, the rated capacity;

(d) ~~In~~ in case of reregistration, the license number for the preceding year; and

(e) ~~Such~~ such other information as the registrar of motor vehicles may require.

(2) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~

shall before filing such application with the county treasurer submit the same to the county assessor of ~~said~~ the county. ~~and said~~ The county assessor shall enter on ~~said~~ the application in a space to be provided for that purpose, ~~the full and true and the assessed valuation~~ market value of ~~said~~ the vehicle for the year for which ~~said~~ the application for registration is made.

(3) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ shall upon the filing of ~~said~~ the application ~~(1)~~ pay to the county treasurer the registration fee, as provided in ~~section~~ 53-122 and ~~section~~ 53-115, and ~~shall also at such time (2)~~ pay the personal property taxes assessed or the new motor vehicle sales tax against ~~said~~ the vehicle for the current year of registration, ~~(unless the same shall have been theretofore paid for said the year),~~ before the application for registration or reregistration may be accepted by the county treasurer. The county treasurer ~~is hereby empowered to~~ may make full and complete investigation of the tax status of ~~said~~ the vehicle. ~~and any~~ Any applicant for registration or reregistration must submit proof ~~with respect thereto~~ from the tax records of the proper county at the request of the county treasurer.

(4) The amount of taxes on ~~said~~ the motor vehicle,





except a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947, shall be~~ is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration. ~~and such~~ The determination ~~shall be~~ is entered on the application form in a space provided therefor.

(5) Motor vehicles, except mobile homes as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ are ~~hereby declared to be assessable~~ assessed for ~~taxation as of and~~ taxes on ~~the first day of~~ January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property, and irrespective of whether ~~or not~~ the levy and tax may be a lien upon real property within the state of Montana. ~~provided that in~~ In no event ~~shall~~ may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(6) The applicant for original registration of any wholly new and unused motor vehicle, except a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ acquired by original contract after ~~the first day of~~ January 1 of any year shall be required, whenever such vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by ~~section~~ 32-3315, ~~R.C.M., 1947,~~ irrespective of whether ~~or not such~~ the vehicle was in the state of Montana

on ~~the first day of~~ January 1 of ~~such~~ the year.

(7) Upon accepting application for registration or reregistration of any motor vehicle which is subject to taxation in this state on January 1 in any year, and upon payment of taxes, the county treasurer shall stamp on ~~said~~ the application: "taxes on this vehicle due January 1 of current year paid by applicant, prior applicant, or owner, and this vehicle is eligible for registration." Upon accepting application for registration of any motor vehicle which was not subject to taxation in this state on January ~~1st~~ 1 in any year, the county treasurer shall indicate ~~such~~ the fact by proper entry on ~~said~~ the application.

(8) The registrar of motor vehicles ~~shall have authority to~~ may make proper entry of the payment of taxes in accord with the facts on any certificate of title to ~~any~~ a motor vehicle ~~respecting payment of taxes in accord with the facts~~.

(9) Motor vehicles subject to anniversary date registration as provided in ~~sections~~ 53-154 through 53-162 are exempt from the provisions of subsections (5), (6), and (7) of this section."

Section 38. Section 53-1025, R.C.M. 1947, is amended to read as follows:

"53-1025. Display of tax-paid decals on snowmobiles required -- application and issuance. ~~(a)~~ (1) No snowmobile





~~shall~~ may be operated by any person in the state of Montana unless there is displayed in a conspicuous place ~~thereon~~ on it a decal as visual proof that Montana personal property taxes have been paid ~~thereon~~ on it for the current year.

(2) Application for the ~~issuance of such~~ tax-paid decal shall be made to the county treasurer upon forms to be furnished for this purpose, which may be obtained from the registrar of motor vehicles or at the county assessor's office in the county ~~wherein~~ where the owner resides, ~~and is to provide for substantially~~ The application shall contain the following information:

(a) name of owner;

(b) address;

(c) registration number;

(d) name of manufacturer;

(e) model number;

(f) make;

(g) horsepower;

(h) year of manufacture;

(i) statement evidencing assessment and payment of property tax; and

(j) such other information as the registrar of motor vehicles may require.

(3) ~~Said~~ The application shall be signed by the county treasurer and transmitted by him to the registrar of motor

vehicles accompanied by a fee of ~~two dollars ($2)~~. All moneys collected from payment of ~~such~~ the fees shall be turned over to the state treasurer and placed ~~by him~~ in the earmarked revenue fund to the credit of the state fish and game commission, with ~~one dollar ($1)~~ designated for use in enforcing the purposes of this act and ~~one dollar ($1)~~ designated for use in developing snowmobile facilities. Upon receipt of the application in approved form, the registrar of motor vehicles or county treasurer shall issue to the applicant a decal in the style and design prescribed by the registrar of motor vehicles and of a different color than the preceding year, numbered ~~numerically~~ in sequence.

~~(b)~~ (4) Before filing the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of the county and the county assessor shall enter on the application in a place provided for that purpose, the ~~full and true~~ market ~~and assessed valuation~~ value of the snowmobile for the year for which the application is made.

~~(c)~~ (5) The applicant shall pay the county treasurer the application fee and ~~shall also pay~~ the personal property taxes assessed against the snowmobile for the current year before the application for registration or reregistration may be accepted by the county treasurer."

Section 39. Section 69-3504, R.C.M. 1947, is amended





to read as follows:

"69-3504. Identification number. ~~(a)~~ (1) The owner of each motorboat requiring numbering by this state shall file an application for number in the office of the county treasurer ~~wherein~~ where the motorboat or vessel is owned or taxable, on forms prepared and furnished by the registrar of motor vehicles. The application shall be signed by the owner of the motorboat and shall be accompanied by a fee of ~~one ($1) dollar~~. Any alteration, change, or false statement contained in the application for certificate of registration will render the certificate of number null and void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and furnished by the registrar of motor vehicles, stating the number awarded to the motorboat and the name and address of the owner. The number awarded must be painted on or attached to each outboard side of the forward half of the motorboat, or, if there are no such sides, at a corresponding location on both outboard sides of the foredeck of the motorboat ~~for which it is issued~~. The number awarded shall read from left to right, in Arabic numerals, in block characters of good proportion, ~~a minimum of~~ at least ~~three (3)~~ inches ~~in height~~ tall, excluding border or trim, and of a color ~~which shall contrast~~ that contrasts with the color of the background, and so

maintained as to be clearly visible and legible. The number ~~shall~~ may not be placed on the obscured underside of the flared bow where ~~the angle is such that the numbers~~ it cannot be easily seen from another vessel or ashore. No numerals, letters, or devices other than those used in connection with the identifying number issued ~~shall~~ may be placed in the proximity of the identifying number, ~~and no~~ No numerals, letters, or devices which might interfere with the ready identification of the motorboat by its identifying number ~~shall~~ may be carried as to interfere with the motorboat's identification. The certificate of number shall be pocket size and ~~shall be~~ available to federal, state, or local law enforcement officers at all reasonable times for inspection on the motorboat ~~for which issued~~, whenever the motorboat is on waters of this state, ~~except boat~~ Boat liveries are not required to have the certificate of number on board each motorboat, ~~except that a~~ A rental agreement must be carried on board livery motorboats in place of the certificate of number.

~~(b)~~(2) Before filing ~~such~~ the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of ~~said~~ the county and ~~said~~ the county assessor shall enter on ~~said~~ the application in a space to be provided for that purpose, the ~~full and true and assessed valuation~~ market value of ~~said~~ the vehicle for the year for





which ~~said~~ the application for registration is made.

~~(c)~~(3) The applicant shall, upon the filing of the application, pay to the county treasurer, the registration fee and ~~shall also pay~~ the personal property taxes assessed against the motorboat or vessel for the current year of registration before the application for registration or reregistration may be accepted by the county treasurer.

~~(d) The numbering requirements of this act shall apply to motorboats operated by dealers, manufacturers or their employees as follows:~~

~~(1)~~(4) A dealer or manufacturer may apply directly to the registrar of motor vehicles for one ~~(1)~~ identifying number and one ~~(1)~~ or more certificates of number. A dealer's or manufacturer's identifying number shall be displayed on ~~a dealer's or manufacturer's~~ his boat while the boat is operating for a purpose related to the buying, selling, or exchanging of the boat by the dealer or manufacturer. ~~(2)~~ The application for a dealer's or manufacturer's identifying number shall include ~~the~~ his name ~~of the dealer or manufacturer~~ and ~~the~~ business address ~~of the dealer or manufacturer~~. Each dealer or manufacturer ~~shall~~ will have one ~~(1)~~ identifying number assigned to his business. ~~(3)~~ An application for dealer's or manufacturer's identifying number and certificate of number ~~shall~~ must be accompanied by the following fees:

~~(A)~~ (a) for the identifying number, first certificate of number, and set of license decals, ~~five dollars ($5)~~;

~~(B)~~ (b) for each additional certificate of number and set of license decals applied for in any application, ~~two dollars ($2)~~.

~~(4)~~ (5) The registrar of motor vehicles shall issue certificates of number for the identifying number awarded to a dealer or manufacturer in the same manner as provided in ~~section~~ 69-3504(a), except that no boat shall be described in the certificate and each certificate shall state that the identifying number has been awarded to a dealer or manufacturer. A dealer's or manufacturer's certificate of number expires on April 30 of the year for which it is issued. ~~(5)~~ A dealer's or manufacturer's identifying number shall be displayed in the same manner as provided in ~~section~~ 69-3504(a) of this act, except that the number may be temporarily attached~~,~~ and that the last three ~~(3)~~ letters shall be "DLR" for dealer and "MFR" for manufacturer~~.~~. ~~these~~ These letters shall be included, respectively, in dealer or manufacturer identification numbers only. ~~(6)~~ No person other than a dealer or manufacturer or an employee of a dealer or manufacturer shall display or use a dealer's or manufacturer's identifying number. A dealer's or manufacturer's identifying number may be displayed only on motorboats owned by the dealer or manufacturer. ~~(7)~~ No





dealer or manufacturer or employee of a dealer or manufacturer ~~shall~~ may use a dealer's or manufacturer's identifying number for any purpose other than the purpose described in subsection ~~(1)~~ (4) of this section.

~~(C)~~ (6) The owner of any motorboat already covered by a number in full force and effect~~, which~~ that has been awarded to it ~~pursuant to this~~ under operative federal law or a federally approved numbering system of another state~~,~~ shall record the number prior to operating the motorboat on the waters of this state in excess of the ~~sixty (60)~~ day reciprocity period provided for in ~~section~~ 69-3506(1) of this act. ~~Such recordation~~ The record shall be ~~in the manner and pursuant to the~~ made according to the procedure required for the award of number under subsection ~~(3)~~ (1) of this section.

~~(F)~~ (7) Should the ownership of a motorboat change, ~~within a reasonable time~~ a new application form with fee shall be filed within a reasonable time with the county treasurer and a new certificate of number ~~shall be~~ awarded in the same manner as provided for in an original award of number.

~~(G)~~ (8) If an agency of the United States government has in force ~~an over-all~~ a comprehensive system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this act

by the registrar of motor vehicles shall be in conformity ~~therewith~~.

~~(h)~~(9) Every certificate of number and the license decals awarded under this act shall continue in effect for a period not to exceed ~~one (1)~~ year~~,~~ unless sooner terminated or discontinued in accordance with the provisions of this act. Certificates of number and license decals shall show the date of expiration ~~thereon~~ and may be renewed by the owner in the same manner provided for in the initial securing of the certificate.

~~(i)~~(10) Certificates of number ~~due~~ shall expire on April 30 of each ~~calendar~~ year and ~~shall no longer~~ may not be ~~of any~~ in effect unless renewed under this act.

~~(j)~~(11) In event of transfer of ownership, the purchaser shall furnish the county treasurer notice within reasonable time of the acquisition of all or any part of his interest, other than the creation of a security interest, in a motorboat numbered in this state ~~under this section~~, or of the loss, theft, destruction, or abandonment of the motorboat~~, within reasonable time thereof~~. ~~Such~~ The transfer, loss, theft, destruction, or abandonment ~~shall terminate~~ terminates the certificate of number for the motorboat. ~~except that in the case of a recovery~~ Recovery from theft, or transfer of a part interest ~~which~~ that does not affect the owner's right to operate the motorboat~~, the~~





~~recovery or transfer~~ does not terminate the certificate of number.

~~(k)~~(12) A holder of a certificate of number shall notify the county treasurer within reasonable time if his address no longer conforms to the address appearing on the certificate and ~~shall, as a part of the notification,~~ furnish the county treasurer with his new address. The registrar of motor vehicles may provide in ~~its~~ bureau rules for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or the alteration of an outstanding certificate to show the new address of the holder.

~~(l)~~(13) No number other than the number and license decal awarded to a motorboat or granted reciprocity under this act~~,~~ shall be painted, attached, or otherwise displayed on either side of the forward half of the motorboat.

~~(m)~~(14) Fees collected under this section shall be transmitted to the state treasurer who shall deposit the fees in the motorboat certificate identification account of an earmarked revenue fund. These fees shall be used only for the administration and enforcement of ~~sections~~ 69-3501 through 69-3518.

~~(n)~~(15) An owner of a motorboat must within reasonable time notify the registrar of motor vehicles, giving the motorboat's identifying number and the owner's name~~, within~~

~~reasonable time,~~ when that motorboat becomes documented as a vessel of the United States, or is transferred, lost, destroyed, abandoned, frauded, or within ~~sixty (60)~~ days after change of state of principal use."

Section 40. Section 75-7104, R.C.M. 1947, is amended to read as follows:

"75-7104. Limitations on amount of bond issue. (1) The maximum amount for which each school district ~~shall~~ may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is ~~eight percent (8%)~~ 29% of the ~~assessed~~ taxable value of the ~~taxable~~ property ~~therein~~ subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The ~~eight percent (8%)~~ 29% maximum, however, ~~shall~~ may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in ~~subsection (2)~~ this section.

(2) When the total indebtedness of a school district has reached the ~~eight percent (8%)~~ 29% limitation prescribed in this section, ~~such~~ the school district ~~shall have the power and authority to~~ may pay all reasonable and necessary expenses of the school district on a cash basis in





accordance with the financial administration provisions of this ~~title~~ chapter. Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded ~~shall be~~ are applied towards the payment of such bonds and the refunding bond issue ~~shall be~~ is decreased accordingly.

~~(2)~~(3) In ~~the case of~~ a school district within which a new major industrial facility which seeks to qualify for taxation as class seven ~~(7)~~ property under ~~section 84-301, R.C.M. 1947,~~ 84-301.8 is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven ~~(7)~~ property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the ~~eight percent (8%)~~ 29% limitation prescribed in ~~subsection one (1)~~ this section. Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in ~~subsection one (1)~~ this section by a maximum of ~~eight percent (8%)~~ 29% of the estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility subject to taxation when completed. The estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility

subject to taxation shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district~~.~~ ~~and~~ A copy of the department's statement of estimated ~~assessed~~ taxable value shall be printed on each ballot used to vote on a bond issue proposed under this ~~subsection~~ section.

(4) Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven ~~(7)~~ property, the new major industrial facility and its owners shall, pay, in addition to ~~such~~ the taxes ~~as may be~~ imposed by the school district on property owners generally ~~pay,~~ so much of the principal and ~~interests~~ interest on the bonds provided for under this ~~subsection~~ section as ~~shall represent~~ represents payment on an indebtedness in excess of the limitation prescribed in ~~subsection one (1)~~ this section. After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in ~~subsection one (1)~~ this section, the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than ~~twenty~~ ~~(20)~~ years. ~~which~~ The credit shall, as a total amount, be equal to the amount ~~by~~ which the facility paid the principal and interest of the school district's bonds in excess of its





general liability as a taxpayer within the district.

(5) A major industrial facility is a facility, subject to the taxing power of the school district, whose construction or operation will increase the population of the district, ~~so as to impose~~ imposing a significant burden upon the resources of the district and ~~to require~~ requiring construction of new school facilities. A significant burden is an increase in ANB of at least ~~twenty percent (20%)~~ in a single year."

Section 41. Section 75-8104, R.C.M. 1947, is amended to read as follows:

"75-8104. Requirements for organization of community college district. The registered electors in any area of the state of Montana may request an election for the organization of a community college district where the proposed community college district conforms to the following requirements:

(1) The proposed area ~~shall coincide~~ coincides with the then-existing boundaries of contiguous elementary districts of one or more counties.

(2) The ~~assessed valuation~~ taxable value of the proposed area is at least ~~thirty million dollars ($30,000,000)~~ $1 million.

(3) There are at least ~~seven hundred (700)~~ pupils regularly enrolled in public and private high schools

located in the proposed area."

Section 42. Section 84-101, R.C.M. 1947, is amended to read as follows:

"84-101. Definition of terms. ~~Whenever the~~ When terms mentioned in this section are ~~employed in dealing with the subject of~~ used in connection with taxation, they are ~~employed in the sense hereafter affixed to them.~~ defined in the following manner:

~~First.~~ (1) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things real, personal, and mixed, capable of private ownership~~;~~. ~~but this~~ This definition must not be construed ~~so as~~ to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by ~~such~~ the stocks is within the state and has been taxed.

~~Second.~~ (2) The term "real estate" includes:

~~1.~~(a) ~~The~~ the possession of, claim to, ownership of, or right to the possession of land~~;~~;

~~2.~~(b) ~~All~~ all mines, minerals, and quarries in and under the land, subject to the provisions of ~~section~~ 84-5401~~;~~; all timber belonging to individuals or corporations growing or being on the lands of the United States~~;~~; and all ~~right~~ rights and privileges appertaining thereto.





~~3. Improvements.~~

~~Third.~~ (3) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements~~,~~ ~~including mobile homes and house trailers~~ situated upon, erected upon, or affixed to land. ~~when~~ When the department of revenue or its agent determines that the permanency of location of ~~the~~ a mobile home or housetrailer has been established, ~~and for this purpose any~~ the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or house trailer is an improvement located on land not owned by the owner of such improvement, the improvement ~~shall be~~ is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

~~Fourth.~~ (4) The term "personal property" includes everything ~~which~~ that is the subject of ownership~~,~~ but that is not included within the meaning of the term "real estate" and "improvements".

~~Fifth. The terms "value" and "full cash value" mean the amount at which the property would be taken in payment of a just debt due from a solvent debtor.~~

~~Sixth.~~ (5) The term "credit" means ~~those~~ solvent debts, secured or unsecured, owing to a person.

~~Seventh.~~ (6) The term "mobile home" means forms of housing known as "trailers", "house trailers", or "trailer

coaches" exceeding ~~eight (8)~~ feet in width or ~~thirty-two (32)~~ feet in length, designed to be moved from one place to another by an independent power connected ~~thereto~~ to them.

(7) The term "assessed value" means the value of property as defined in 84-401.

(8) The term "taxable value" means the percentage of assessed value as provided for in 84-301.2 through 84-301.15 and 84-308."

Section 43. Section 84-402, R.C.M. 1947, is amended to read as follows:

"84-402. ~~Department of revenue to determine and show percentage basis and taxable value computed thereon and county~~ County assessor to be ~~agents~~ agent of the ~~state~~ department of revenue. ~~(1) The percentage basis of true and full value as provided for in section 84-202, shall be determined and assigned by the state department of revenue or its agents, and the taxable value thereupon computed when they make their annual assessments, and copies of such assessments as provided for in section 84-411 shall show the taxpayer the percentage class to which his various classes of property for taxation and the taxable valuation thereof have been assigned.~~ ~~(2)~~(1) The county assessors of the various counties of the state of Montana are agents of the ~~state~~ department of revenue for the purpose of locating and providing the department a description of all taxable





property within the county together with other pertinent information, and for the purpose of performing such other administrative duties as are required for placing taxable property on the assessment roles. The assessors shall perform such other duties as are required by law, not in conflict with the provisions of this subsection.

~~(3)~~(2) The department of revenue shall have full charge of ~~appraising~~ assessing all property subject to taxation and equalizing values and shall secure such personnel as is necessary to properly perform ~~their~~ its duties.

~~(4)~~(3) The ~~salaries~~ salary of the county assessor shall be the same amount as provided by law for the salary of the county clerk and recorder; deputy assessors' salaries shall be the same as paid the deputy clerk and recorder.

~~(5)~~(4) The county commissioners of the various counties shall provide existing office space in the county courthouse for use by the county assessor, his deputies and staff, and the state appraiser and staff, if such space is reasonably available. ~~If~~ If such space is not reasonably available in the courthouse and the same must be contracted for, the department shall pay the cost thereof. Additional personal property required by the department for the assessor to perform his duties as agent of the department shall be provided by the department."

Section 44. Section 84-404, R.C.M. 1947, is amended to read as follows:

"84-404. ~~State department~~ Department of revenue to assign percentage basis~~,~~ -- when. The percentage basis of ~~true and full~~ assessed value as provided for in ~~section 84-302, shall be~~ 84-301.2 through 84-301.15 and 84-308 is determined and assigned by the ~~state~~ department of revenue~~,~~ or its agent when it makes its annual assessment of the property~~, which it is~~ required ~~to assess~~ under the laws of this state. ~~and~~ The department shall transmit such determination and assignment to the various county clerks with the assessments so made, and its determination ~~shall be~~ is final except as to the right of review in the proper court."

Section 45. Section 84-406, R.C.M. 1947, is amended to read as follows:

"84-406. ~~Time of assessment -- motor vehicles -- mobile homes -- livestock -- snowmobiles~~ General assessment day. (1) The department of revenue or its agent must, between ~~the first day of~~ January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants~~,~~ and assess all property in each county subject to taxation~~,~~ ~~, except such as is required to be assessed by the state department of revenue, and~~ The department or its agent must assess ~~such~~ property to the ~~persons~~ person by





whom it was owned or claimed~~,~~ or in whose possession or control it was at 12 midnight of ~~the first day of~~ January 1 next preceding. It must also ascertain and assess all mobile homes arriving in the county after 12 midnight of ~~the first day of~~ January 1 next preceding.

(2) The procedure provided by this section ~~shall~~ may not apply to:

(a) ~~Motor~~ motor vehicles ~~which~~ that are required by ~~subdivision (2) hereof~~ subsection (4) to be assessed ~~as of the first day of~~ on January 1~~,~~ or upon their anniversary registration date~~;~~, ~~but no~~ No mistake in the name of the owner or supposed owner of real property, however, renders the assessment ~~thereof~~ invalid.

(b) ~~Livestock~~ livestock which are required by ~~subdivision (3)~~ subsection (6) of this section to be assessed on an average inventory basis in each county~~;~~ ~~Credits must be assessed as provided in section 84-161, subdivision 6.~~

(c) ~~Property~~ property defined in ~~section~~ 53-642 as "special mobile equipment" ~~which~~ that is subject to assessment ~~of~~ for personal property taxes on the date that application is made for a special mobile equipment plate~~;~~;

(d) ~~Mobile~~ mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade~~;~~; and

~~(e) Campers which are required by subdivision 4 hereof~~

~~to be assessed as of the first day of January.~~

~~(1)~~ (c) ~~Snowmobiles which~~ snowmobiles that are required by ~~subdivision 5 hereof~~ subsection (8) to be assessed as of ~~the first day of~~ July 1.

(3) Credits must be assessed as provided in 84-101, subsection (5).

~~(2)~~ (4) The department or its agent must ascertain and assess all motor vehicles, except mobile homes, in each county subject to taxation as of January 1, or as of the anniversary registration date of those vehicles subject to ~~sections~~ 53-154 through 53-162, in each year. ~~and the case~~ The motor vehicles shall be assessed to the persons by whom owned or claimed, or in whose possession or control ~~such vehicle was~~ they were at 12 midnight of ~~the first day of~~ January 1 or the anniversary registration date thereof, whichever is applicable, in each year. ~~Provided that such~~ No tax ~~shall not~~ may be assessed against motor vehicles ~~which~~ that constitute inventory of motor vehicle dealers as of January 1. ~~but said~~ These vehicles, and all other motor vehicles brought into the state subsequent to January 1, as motor vehicle ~~dealer's~~ dealers' ~~inventory,~~ inventories shall be assessed to their respective purchasers as of the dates ~~said~~ the vehicles are registered by ~~said~~ the purchasers. ~~and purchasers means and~~ "Purchasers" includes dealers who apply for registration or ~~re-registration~~ reregistration of





motor vehicles, except as otherwise provided by ~~section~~ 32-3315. Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at ~~full and true~~ market value as of ~~the first day of~~ January 1.

(5) ~~Except that this paragraph shall not apply to an applicant for registration or re-registration of a mobile home, nothing herein contained shall relieve the~~ The applicant for registration or ~~re-registration~~ reregistration of ~~any other~~ a motor vehicle, other than a mobile home, is not relieved ~~re-assessed or subject to assessment~~ of the duty of paying taxes ~~thereon as a condition precedent to registration or re-registration in the event said~~ if the taxes have not been paid by ~~any~~ a prior applicant or owner in all cases where taxes were required to be paid.

~~(3)~~ (6) The assessed value of livestock in each county on the assessment date ~~shall be~~ is computed by adding the assessed value of all livestock more than ~~nine (9)~~ months of age owned by the taxpayer in each county on the last day of each month since the last assessment date and dividing the sum by ~~twelve (12)~~. For purposes of this ~~subdivision~~ subsection, "livestock" means cattle, sheep, horses, and mules.

~~(4)~~ (7) The department of revenue or its agent must ~~ascertain and~~ assess all campers in each county subject to

taxation as of January 1 in each year~~.~~ ~~and the same~~ The campers shall be assessed to the persons including dealers by whom owned or claimed, or in whose possession or control ~~such camper was, including dealers,~~ they were at 12 midnight of ~~the first day of~~ January 1 in each year.

~~(5)~~ (8) The department of revenue or its agent must ~~ascertain and~~ assess all snowmobiles in each county subject to taxation as of July 1 in each year~~.~~ ~~and the same~~ A snowmobile shall be assessed to the ~~persons~~ person by whom owned or claimed, or in whose possession or control ~~such snowmobile~~ it was at 12 midnight ~~on the first day~~ of July 1 in each year~~;~~ ~~provided, however, that~~ except snowmobiles ~~which constitute~~ in the inventory of ~~snowmobile~~ dealers which shall be assessed to the dealers as of 12 midnight of ~~the first day of~~ January 1 in each year~~; and further provided that all snowmobiles that have been assessed and for which taxes have been paid for the period of January 1, 1975 through December 31, 1975, shall be assessed for only six (6) months during the period July 1, 1975 through June 30, 1976.~~"

Section 46. Section 84-602, R.C.M. 1947, is amended to read as follows:

"84-602. Equalization of assessments. ~~The department of revenue has power after~~ After giving notice, in writing, to ~~the~~ a taxpayer, by registered or certified mail,





addressed to him at his last known place of residence, of its intention, ~~to~~ the department of revenue may increase or lower ~~his~~ the taxpayer's assessment contained in the assessment book, ~~so as~~ to equalize the assessment of the property ~~contained therein~~ and make the assessment conform to the ~~true~~ assessed value of such property ~~in money,~~ as defined in 84-401 and 84-308, ~~which~~ The notice shall specify ~~the date and hour~~ when ~~he~~ the taxpayer may appear and be heard thereon, ~~which date shall~~ at a date and hour not ~~be~~ less than ~~five (5)~~ days from date of mailing ~~such~~ the notice~~.~~ ~~and immediately~~ Immediately after reaching a decision, the department shall notify the taxpayer, in writing, of ~~such~~ the decision, specifying the change, if any, made in the assessment~~;~~ ~~said~~ The notice ~~to~~ must be given by registered or certified mail, and addressed to the taxpayer at his last known place of residence. The department may also ~~has power to~~ raise or lower the valuation of all the property in a class by a certain percentage, ~~in the event that~~ if any class of property is assessed as a class, at more or less than its ~~actual~~ assessed value, as defined by 84-401 by ~~its~~ the department's agent and it the valuation of ~~such~~ property within the county demands a general reclassification."

Section 47. Section 84-708.1, R.C.M. 1947, is amended to read as follows:

"84-708.1. Powers and duties of the ~~state~~ department of revenue. (1) ~~To~~ The department of revenue shall annually assess the franchise, roadway, roadbeds, rails, and rolling stock, and all other property of all railroads; ~~and~~ the pole lines and ~~rights of way~~ rights-of-way and all other property of all telegraph and telephone lines, electric power and transmission lines, ditches, canals, and flumes; and other similar property, constituting a single and continuous property operated in more than one ~~(1)~~ county in the state, or more than one ~~(1)~~ state. To apportion ~~such~~ the assessments to the counties in which ~~such~~ the properties are located on a mileage basis, or if the property of any company assessable under this section is of such a character that its value cannot reasonably be apportioned on the basis of mileage, the department may adopt ~~such~~ any other method or basis of apportionment to the county or counties in which the property is situated as may be just and proper.

(2) ~~All~~ The department may not consider the following property as part of any single or continuous property: lots and parcels of real estate not included in ~~right-of-way~~ right-of-way, with the buildings, structures, and improvements thereon; dams and power houses, depots, stations, shops, and other buildings, erected upon ~~right-of-way,~~ right-of-way; and furniture, machinery, and other personal property; ~~shall not be considered as a part of any~~





~~such single and continuous property, but shall be considered as separate and distinct therefrom, and shall be~~ The property is considered separate and distinct and is assessed by the agent of the department of revenue in the county ~~wherein they are situate~~ where it is situated.

~~(2)~~(3) ~~To~~ The department shall transmit to the county clerk of each county its apportionment of all assessments made by the department.

~~(3)~~(4) ~~To~~ The department shall adjust and equalize the valuation of taxable property among the several counties, and the different classes of taxable property in any county and in the several counties and between individual taxpayers; supervise and review the acts of agents of the department; change, increase, or decrease valuations made by its agents; and exercise such authority and do all things necessary to secure a fair, just, and equitable valuation of all taxable property among counties between the different classes of property and between individual taxpayers.

~~(4)~~(5) ~~To have and~~ The department shall exercise general supervision over the administration of the assessment and tax laws of the state, and over its agents and any officers of municipal corporations, having any duties to perform under any of the laws of this state relating to taxation to the end that all assessments of property be made relatively just and equal at ~~true~~ a value

in substantial compliance with law, and ~~to~~ supervise the administration of all revenue laws of the state and assist in their enforcement. ~~Further, the state~~ The department of revenue ~~is empowered to organize, and it~~ shall ~~be its duty to~~ schedule and hold area schools within the state for appraisers and assessors as often as ~~is deemed~~ it considers necessary., ~~in the judgment of the department and the~~ The costs of such appraisers and assessors attending shall be borne by the state. ~~Further, the department shall determine if there is a need for a taxing, assessing, and appraising school, and such school shall be held, when deemed necessary.~~ The department shall notify all assessors and appraisers at least ~~six (6)~~ months before such school is scheduled. ~~and it shall be the duty of all~~ All assessors and appraisers ~~to~~ shall attend ~~and the cost of their attendance shall be borne by the state~~.

~~(5)~~ (6) ~~To~~ The department may confer with, advise, and direct officers of municipal corporations as to their duties, with respect to taxation, under the statutes of the state.

~~(6)~~ (7) ~~To~~ The department shall direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities, and punishment of public officials and persons, or their agents, for failure or neglect to comply with the provisions of the





statutes governing the revenue of the state or municipal corporations;. ~~and to~~ The department shall cause complaints to be made against assessors and other public officers to the proper district court for their removal from office for official misconduct or neglect of duty.

~~(7)~~ (8) ~~To~~ The department shall require county attorneys to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals, and punishment for violations of the laws of the state in respect to the assessment of property and other revenue laws, in their respective counties.

~~(8)~~ (9) ~~To~~ The department shall collect annually from the proper officers of the municipal corporations information ~~as to~~ about the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful and helpful in the work of the department in such form and upon such blanks as the department shall prescribe;. ~~and it~~ It shall be the duty of all public officers so called upon to fill out properly and return promptly to the department all blanks so transmitted and in every way aid the department in its work;. ~~to~~ The department may examine the records of all municipal corporations for such purposes as are deemed needful or helpful ~~by the department~~.

~~(9)~~ (10) ~~In~~ The department may, in its discretion, ~~to~~ inspect and examine, or cause an inspection and examination of the records of the officers of any municipality, whenever ~~such~~ an officer ~~shall have~~ has failed, neglected, or refused to return properly the information required by this section within the time set by the department. Upon completion of such inspection and examination, the department shall transmit to the clerk, or other proper official of the municipality, a statement of the expenses incurred by the department to secure the necessary information. Within ~~sixty (60)~~ days after the receipt by the municipality of the above statement, the same shall be audited, as other claims of the municipal corporation are audited and shall be paid into the state treasury. ~~and if~~ If the ~~same~~ statement is not ~~so~~ paid, the attorney general shall institute an action, in the proper court, against the municipality to recover the same. The officers responsible for the furnishing of the information collected pursuant to this section, shall be jointly and severally liable for any loss the municipality may suffer, through their delingnency~~;~~. ~~and no~~ No payment ~~shall~~ may be made to them for salary, or on any other account, until the cost of such inspection and examination as provided above ~~shall have~~ has been paid into the treasury, or to the proper officers of such municipality. They shall also be subject to ~~such~~ the other fines and



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penalties ~~as~~ prescribed by law.

~~(10)~~ (11) ~~To~~ The department may require persons, as defined above, to furnish information concerning their capital, funded or other debt, current assets and liabilities, cost and value of property, earnings, operating and other expenses, taxes, and all other facts which may enable the department to ascertain the value of the relative burdens borne by all kinds of property and occupations in the state.

~~(11)~~ (12) ~~To~~ The department may summon witnesses to appear and give evidence, and to produce records, books, papers, and documents relating to any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(12)~~ (13) ~~To~~ The department may cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken upon notice to the interested party, if any, in like manner that depositions are taken in actions pending in the district court, in any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(13)~~ (14) ~~To~~ The department may examine ~~into~~ all cases where evasion or violation of the laws for taxation of property, proceeds, occupation, or business is alleged, complained of, or discovered, and ~~to~~ ascertain wherein

existing laws are ineffective or are improperly or negligently administered.

~~(14)~~ (15) ~~To~~ The department may investigate the tax systems of other states and countries and ~~to~~ formulate and recommend legislation for the better administration of the fiscal laws so as to secure just and equal taxation and improvement in the system of taxation and the economical expenditure of public revenue in the state.

~~(15)~~ (16) ~~To~~ The department may consult and confer with the governor of the state upon the subject of taxation, the administration of the laws relating thereto, and the progress of the work of the department, and ~~to~~ furnish the governor such assistance as he may require.

~~(16)~~ (17) ~~To~~ The department shall transmit to the governor and to each member of the legislature ~~twenty (20)~~ days before the meeting of the legislature, a report of the department, showing all the taxable property of the state and ~~the~~ its value ~~of the same~~ in tabulated form, with recommendations for improvements in the system of taxation, together with ~~such~~ measures as may be formulated for the consideration of the legislature~~;~~. ~~and to~~ The department may include ~~therein~~ a report showing the selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states during the biennium, with indexes tabulated at sufficient intervals to show the





comparative state price structures.

~~(17)~~ (18) In its discretion, ~~to~~ the department may waive the assessment of penalty for the late filing of any tax statement or return required to be filed with the department when the filing is done within ~~five (5)~~ days of the date specified for filing the return or statement, and ~~for~~ the late payment of any tax collected by the department when the payment is made within ~~five (5)~~ days of the date specified for payment of the tax.

~~(18)~~ (19) In its discretion, the department may ~~to~~ enter into reciprocal agreements with the taxing authorities of states contiguous to the state of Montana which tax the income of Montana residents earned in that state to provide that the tax imposed by Title 84, chapter 49, ~~R.C.M. 1947,~~ on income derived by persons who are nonresidents of this state ~~shall~~ need not be ~~payable~~ paid when such other state or states agree to grant similar treatment to residents of Montana."

Section 48. Section 84-728, R.C.M. 1947, is amended to read as follows:

"84-728. Valuation of interstate fleets — determination of aggregate tax due. The ~~state~~ department of revenue shall assess any interstate motor vehicle fleet making application for proportional registration as follows:

~~(a)~~ (1) The purchase price depreciated by a schedule as

prescribed by the department shall determine the depreciated value.

~~(b)~~ (2) The depreciated value multiplied by the ~~per cent~~ percent of miles traveled in Montana as prescribed by ~~section~~ 53-712 shall be the assessed value.

~~(c)~~ (3) The sum of the assessed value of all vehicles included in the fleet multiplied by ~~twenty (20) per cent~~ 12% shall be the taxable value for the entire fleet.

~~(d)~~ (4) To determine the amount of tax due, the taxable value of the entire fleet shall be multiplied by the ~~state-wide~~ statewide average county mill levy plus state levies as hereinafter provided."

Section 49. Section 84-4605, R.C.M. 1947, is amended to read as follows:

"84-4605. Taxation of banks and shares of stock in. (1) Every state bank or banking corporation located and doing business in this state, and every private banker doing business in this state, shall be ~~taxable~~ taxed upon the value of all real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker, ~~and also~~ upon the moneyed capital employed in ~~such~~ the business, ~~such~~ and upon the moneyed capital to be ascertained as provided by ~~section 84-301,~~ 84-301.14. ~~and the~~ The cashier or secretary of every ~~such~~ bank or banking corporation, and every ~~such~~ private banker, shall furnish to the department of revenue





or its agent in the county in which its or his bank is located, within ~~five~~ 5 days after demand therefor, a statement verified by his oath, showing all the resources and liabilities of ~~such~~ the bank as disclosed by its books, at the close of business on December 31 of the preceding year. ~~if such~~ If the cashier, secretary, or private banker ~~shall fail~~ fails to make the statement, ~~hereby required,~~ the department or its agent shall forthwith obtain ~~such~~ the information from any other available source, and for this purpose shall have access to the books of ~~such~~ the bank, banking corporation, or private banker. The department or its agent shall thereupon make an assessment of the real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker, and of the moneyed capital employed in the business of ~~such~~ the bank, banking corporation, or private banker. ~~which~~ The assessment shall be as fair and equitable as can be made from the best information available. ~~or, for~~ For the purpose of ~~said~~ the assessment, the figures disclosed by any prior report made by ~~such~~ the bank, banking corporation, or private banker to any state or federal officer pursuant to any state or federal law may be adopted. Any person required by this section to make the statement hereinabove provided, who ~~shall fail~~ fails to furnish ~~the same,~~ it shall be guilty of a misdemeanor and ~~shall be~~ punished accordingly.

(2) All shares of stock in any ~~such~~ bank or banking corporation shall be assessed at their full cash value, except to the extent that that value is represented in property which is assessable and taxable to ~~such~~ the bank or banking corporation in this state, and shall be taxable to the owners of ~~such~~ the shares in the county, school district, city, town, or place where ~~such~~ the bank or banking corporation is located ~~and not elsewhere~~, whether ~~or not~~ the owners of ~~such~~ the shares are residents of such county, school district, city, town, or place.

(3) The cashier or secretary of any ~~such~~ bank or banking corporation shall furnish to the department or its agent, upon demand, the name of each stockholder with his residence and the number of shares belonging to him at the close of business on December 31 of the preceding year~~;~~. ~~and if such~~ If the cashier or secretary, for more than ~~five~~ 5 days after ~~such~~ the demand, ~~shall fail~~ fails to furnish such information, he ~~shall be~~ is guilty of a misdemeanor and the department or its agent may obtain ~~such~~ information from any other available source~~, and for such purposes shall have access to~~ or from the books of ~~such~~ the bank or banking corporation. For convenience, the assessment of ~~such~~ the shares shall be entered on the personal property assessment list under the name of the bank or banking corporation concerned, but in the assessment list the names of the





owners of such shares shall be set forth and the number of shares owned by each~~;~~. ~~and such~~ The assessment, when so entered, ~~shall have~~ has all the force and effect as if made in the names of the owners of ~~such~~ the shares individually. The bank or banking corporation in which ~~such~~ the shares are owned ~~shall be~~ is liable for the payment of taxes assessed against ~~such~~ the shares, and ~~such~~ the taxes ~~shall be~~ are payable by and ~~may be~~ collected from ~~such~~ the bank or banking corporation in the same manner and under the same penalties as other taxes~~;~~. ~~provided that such~~ The bank or banking corporation may recover from ~~such~~ the owners of shares any taxes ~~so~~ paid on ~~such~~ the shares~~,~~ and ~~shall have~~ has a lien therefor upon ~~such~~ the shares and upon any dividends accrued or to accrue thereon."

Section 50. Section 84-4701, R.C.M. 1947, is amended to read as follows:

"84-4701. Limitation on amount of tax for municipal purposes — distribution of funds — levy for ~~park~~ parks, swimming pools, playgrounds, youth centers, and other purposes. The amount of taxes to be ~~assessed and~~ levied for general municipal or administrative purposes in cities and towns ~~must~~ may not exceed ~~two and four tenths (2.4%) per centum on the per centum~~ 2.4% of the ~~assessed~~ taxable value of the ~~taxable~~ property of the city or town~~;~~ subject to taxation. ~~and the~~ The council or commission in each city or

town may distribute the money collected into ~~such~~ the funds ~~as are~~ prescribed by ordinance~~,~~ ~~provided, that for~~ For the purpose of procuring, equipping, and maintaining public parks, swimming pools, skating rinks, playgrounds, civic centers, youth centers, museums, and combinations thereof, the council or commission in any city or town may ~~access and~~ levy, in addition to the ~~said~~ levy for general municipal or administrative purposes, an amount not exceeding ~~seven (7)~~ mills on the dollar on the ~~per centum of the assessed~~ taxable value of the ~~taxable~~ property to be taxed of the city or town."

Section 51. Section 84-4701.2, R.C.M. 1947, is amended to read as follows:

"84-4701.2. Maximum rate of all-purpose levy. ~~Notwithstanding the provisions of the statutes of Montana to the contrary~~ (1) Except as provided elsewhere, the cities and towns of the state of Montana may make an all-purpose annual levy upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in ~~such~~ the cities and towns~~,~~ subject to taxation for municipal purposes in lieu of the multiple levies now authorized by statute. The total of ~~such~~ the all-purpose levy ~~shall~~ may not exceed ~~sixty-five (65)~~ mills on the dollar~~,~~. ~~which~~ This levy ~~shall~~ may not include any levies necessary for bonded indebtedness, judgments, or special improvement district revolving funds of





municipalities, which levies may be made in addition to all-purpose levy as provided in ~~sections~~ 84-4701.1 and 84-4701.6. The moneys received from ~~such~~ the all-purpose levy shall be accounted for in a common fund known as the all-purpose general fund.

(2) An amount not to exceed ~~five per centum (5%)~~ of the moneys received from and as a part of the all-purpose levy aforesaid may be placed in a separate fund known as the capital improvement program fund to be earmarked for the replacement and acquisition of property, plant, or equipment costing in excess of ~~five thousand dollars ($5,000)~~ with a life expectancy of ~~five (5)~~ years or more~~,~~ provided that a capital improvement program has been formally adopted by city or town ordinance.

(3) The moneys held in the capital improvement program fund shall, whenever possible, be invested in savings or time deposits in a state or national bank insured by the federal deposit insurance corporation or in direct obligations of the United States government and credited back to the fund plus interest earned."

Section 52. Section 84-4713, R.C.M. 1947, is amended to read as follows:

"84-4713. Taxes in cities and towns ~~which~~ that have exceeded the statutory limit of indebtedness. All taxes ~~heretofore~~ levied and collected~~,~~ or to be collected for

municipal, and administrative purposes by any city or town, in which the indebtedness ~~of which~~ equals or exceeds the limit ~~provided~~ allowed in statute, may be used in payment of current expenses during the fiscal year for which ~~said~~ the taxes were levied, ~~the same~~ as ~~though~~ if a special levy had been made for each of ~~said~~ the purposes. ~~And the~~ The council of any such city or town ~~is hereby authorized to~~ may designate the amount of ~~said~~ the general levy applicable to each of ~~said~~ the purposes, ~~and the~~ The amount so designated ~~shall constitute~~ constitutes a special fund for the special purpose of paying the expenses incurred for ~~such~~ the purpose, ~~and such~~ The expenses shall be payable out of ~~such~~ the fund and not otherwise, ~~provided, that~~ However, the aggregate of all taxes authorized for general municipal and administrative purposes ~~shall~~ may not exceed ~~one and one half per cent~~ 5 1/2% annually ~~upon~~ of the ~~per centum of the assessed~~ taxable value of all ~~taxable~~ property subject to taxation in such city or town."

Section 53. Section 84-5103, R.C.M. 1947, is amended to read as follows:

"84-5103. Taxation of credits of insurance companies -- other property. All property other than credits of insurance companies required by law to have and maintain a legal reserve for the protection of policyholders shall be assessed, classified, and taxed as other property of like





character. Credits, including evidence of indebtedness secured by mortgages, less legal reserves for the protection of policyholders and other indebtedness, shall be classified and taxed on the basis of ~~thirty per centum (30%)~~ of ~~full cash~~ market value as thus ascertained."

Section 54. Section 84-5211, R.C.M. 1947, is amended to read as follows:

"84-5211. Limitation of levies -- livestock moneys. The amount of ~~such~~ the levy ~~shall~~ may not in any event exceed ~~two (2)~~ mills upon the ~~assessed valuation~~ taxable value of sheep and ~~three (3)~~ mills upon the ~~assessed valuation~~ taxable value of other livestock, ~~which shall be levied~~ The levy is raised to aid in the payment of the general ~~expense~~ expenses of the brands enforcement functions of the department of livestock, including salaries, office ~~expense~~, detective ~~expense~~, ~~expense of~~ prosecution, travel, and all incidental ~~expense,~~ expenses. ~~And a~~ A separate levy ~~of~~ not ~~exceeding~~ to exceed ~~three (3)~~ mills on all livestock may be raised for the use of the animal health functions of the department of livestock ~~to be~~ and placed in ~~the~~ an earmarked revenue fund for the payment of indemnity for animals slaughtered, ~~and~~ for salaries and expenses incurred in investigating, controlling, and suppressing diseases, including expenses of quarantine and salaries and expenses incurred for such purposes, and for laboratory maintenance,

~~provided further that~~ At the written request of the department of livestock the state treasurer and state controller~~, at the written request of the department of livestock~~ shall set aside in a separate account in the earmarked revenue fund ~~such~~ any moneys as may be available and requested~~, which~~ The moneys ~~shall~~ may be expended only when the department of livestock determines that a livestock disease emergency exists requiring its expenditure~~, and they shall then be expended~~ for such purposes as the department of livestock may order and direct."

Section 55. Section 84-5214, R.C.M. 1947, is amended to read as follows:

"84-5214. Levy for bounty moneys — use of proceeds. The department of revenue shall, annually ~~prescribe, make and~~ levy an ad valorem tax on all livestock in the state of Montana for the purpose of protecting ~~such livestock~~ them against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by ~~all~~ any means of effective predatory animal destruction, extermination, and control, including systematic hunting, and trapping ~~in planned campaigns, or otherwise,~~ and payment of bounties~~, against destruction, depredation and injury by~~





~~wild animals, whether on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain~~. The tax levy ~~shall~~ may not exceed in any one ~~(1)~~ year ~~(a) one and one half (~~1 1/2~~)~~ mills on the ~~assessed valuation~~ taxable value of all sheep, and ~~(b) one (~~1~~)~~ mill on the ~~assessed valuation~~ taxable value of other livestock. The moneys received from ~~such~~ the tax levies shall be transmitted monthly with other taxes for state purposes, by the county treasurer of each county, to the state treasury, ~~and be by the~~ The state treasurer ~~placed in and to the credit of the~~ shall place the money in an earmarked revenue fund ~~(~~with the other moneys ~~in that fund under the provisions of section~~ as provided in 46-1901~~)~~, ~~and such~~ The moneys shall thereafter be paid out only on claims duly and regularly presented to the department of livestock, and ~~thereafter~~ approved by ~~said~~ the department, in accordance with the law applicable either to claims for bounties, ~~when such claims are approved,~~ or ~~to claims~~ for other expenditures necessary and proper for predatory animal control by ~~other~~ means and methods other than payment of bounties, as ~~may be~~ determined by the department of livestock. All ~~such~~ the moneys shall be available for the payment of bounty claims and for expenditures ~~as and~~ for planned, seasonal, or other campaigns directed, or operated

by the department in cooperation with other agencies~~,~~ for the systematic destruction, extermination, and control of predatory wild animals, as ~~may be~~ determined by the department and ~~the~~ its advisory committee ~~thereto~~. No claims ~~shall~~ may be approved in excess of moneys available for such purposes, and no warrants ~~shall~~ may be registered against ~~such~~ the moneys."

Section 56. Section 84-5216, R.C.M. 1947, is amended to read as follows:

"84-5216. Tax levy for bounties on predatory animals. Whenever the owners, ~~or~~ agent, or agents of ~~such~~ the owners~~,~~ representing ~~fifty-one per cent~~ 51% of the livestock of any county in this state ~~shall~~ present a petition to the board of county commissioners of such county~~,~~ asking for the levy of a tax upon the livestock of ~~such~~ the county for the purpose of paying bounties on predatory animals killed in ~~such~~ the county, it ~~shall be~~ is the duty of ~~such~~ the board of county commissioners to make ~~such~~ the levy, which ~~shall~~ may not exceed ~~ten~~ 10 mills on the dollar ~~on~~ of the ~~assessed valuation~~ taxable value of all livestock in ~~such~~ the county~~.~~ ~~which~~ The tax shall be assessed and collected in the same manner as all other state and county taxes."

Section 57. Section 84-5406, R.C.M. 1947, is amended to read as follows:

"84-5406. Assessment of royalties. Upon receipt of the





list or schedule setting forth the names and addresses of any and all persons, corporations, and associations owning or claiming royalty~~,~~ and the amount ~~or amounts~~ paid or yielded as royalty to ~~such~~ the royalty owners or claimants during the year for which ~~such~~ the return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such~~ assess and tax the royalties~~,~~ ~~and shall assess the same at the full cash value of the money or product yielded during such preceding calendar year, and the same shall be taxed~~ on the same basis as net proceeds of mines are taxed as provided by ~~section 84-304~~ 84-301.10."

Section 58. Section 84-6008, R.C.M. 1947, is amended to read as follows:

"84-6008. Assessment of personal property brought into the state — exceptions. (1) Property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) ~~Any~~ any personal property~~,~~ including livestock~~,~~ brought, driven, or coming into this state at any time during the year ~~which~~ that is used in the state for hire, compensation, or profit;

(b) ~~or if the~~ property whose owner ~~and~~/or ~~the~~ user ~~of the property~~ is engaged in gainful occupation or business enterprise in the state; or

(c) the property ~~otherwise~~ which comes to rest and

becomes a part of the general property of the state~~,~~ ~~shall be subject to taxation and shall be assessed for all taxes, levied or leviable for that year in the county in which the same shall thus be~~,

~~(2)~~ The taxes on this property are levied in the same manner and to the same extent, except as ~~hereinafter~~ otherwise provided, as though ~~such~~ the property had been in the county on the regular assessment date~~;~~, provided that ~~such~~ the property has not been regularly assessed for the year in some other county of the state~~;~~.

~~(3) provided further that nothing herein contained~~ Nothing in this section shall be construed ~~into authority~~ to ~~assess or~~ levy ~~any~~ a tax against ~~any~~ a merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of ~~such~~ the merchant or dealer, in addition to the tax levied against the inventory of said merchant or dealer on the regular assessment date~~;~~.

~~(4) provided further that this act~~ This section shall not apply to motor vehicles brought, driven, or coming into this state by any nonresident, migratory, bona fide agricultural workers temporarily employed in agricultural work in Montana ~~where said~~ if the motor vehicles are used exclusively for transportation of agricultural workers.

~~(5)~~ Agricultural harvesting machinery classified under





~~Class 2~~ class two, ~~section 84-301, R.C.M. 1947,~~ licensed in other states, and operated on the lands of persons other than the owner of the machinery, under contracts for hire shall be subject to a fee, in lieu of taxation, of ~~thirty-five dollars ($35)~~ per machine for a ~~sixty (60)~~ day period. ~~Such~~ The machines shall be subject to taxation under ~~Class 2~~ class two only if they are sold in Montana."

Section 59. Section 84-6102, R.C.M. 1947, is amended to read as follows:

"84-6102. United States property held under contract of sale ~~assessment at full value~~. When ~~such~~ the property is held under a contract of sale or other agreement whereby ~~on certain~~ upon payment ~~or payments~~ the legal title is or may be acquired by ~~such~~ the person, corporation, or association, ~~such~~ the real property shall be assessed and taxed as ~~for the full value thereof~~ defined in 84-301.5, 84-301.6, 84-301.8, 84-301.9, 84-301.11, 84-301.15, or 84-401 without deduction on account of the whole or any part of the purchase price or other sum due on ~~such~~ the property remaining unpaid~~;~~. ~~provided, that the~~ The lien for ~~such~~ the tax ~~shall neither~~ may not attach to, impair, ~~nor~~ or be enforced against any interest of the United States in ~~such~~ the real property."

Section 60. Section 84-6103, R.C.M. 1947, is amended to read as follows:

"84-6103. United States property held under lease — assessment at value of leasehold. When ~~such~~ the property is held under lease, ~~or~~ other interest, or estate therein less than the fee, except under contract of sale, ~~such~~ the property shall be assessed and taxed as for the ~~true cash~~ value as defined in 84-301.2 through 84-301.15 and 84-401 of such leasehold, interest, or estate in ~~such~~ the property and the lien for ~~such~~ the tax shall attach to and be enforced against only the leasehold, interest, or estate in ~~such~~ the property~~;~~. ~~provided, that where~~ When the United States authorizes the taxation of ~~such~~ the property for the full assessed value of the fee thereof, ~~such~~ the property shall be assessed for ~~such~~ full assessed value, as defined in 84-401."

Section 61. Section 84-6205, R.C.M. 1947, is amended to read as follows:

"84-6205. Assessment of royalties. The amount of royalty received shall be considered net proceeds to the recipient and shall be assessed as follows: ~~Upon~~ upon receipt of the lists or schedules setting forth the names and addresses of any and all persons owning or claiming royalty, and the amount ~~or amounts~~ paid or yielded as royalty to such royalty owners or claimants during the year for which such return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such~~





~~royalties, and shall~~ assess and tax the same ~~at the full cash value of the money or product yielded or accrued during such preceding calendar year, and the same shall be taxed~~ as net proceeds of mines."

Section 62. Section 84-6407, R.C.M. 1947, is amended to read as follows:

"84-6407. Transmission of statement of amount apportioned to counties. On or before the second Monday in July, the department shall apportion ~~such~~ the assessment to the counties in or through which the airline operates. The county assessor must enter the amount of the assessment apportioned to the county in the column of the assessment roll or book which shows the total value of all property for taxation in the county. The assessment shall be assigned to class ~~7~~ seven ~~having a taxable value of forty per cent (40%) of assessed value~~."

Section 63. Section 84-7403, R.C.M. 1947, is amended to read as follows:

"84-7403. Tax treatment of certain energy-related investments. (1) Upon application by a taxpayer, approved under ~~section~~ 84-7404, a capital investment by the taxpayer in a recognized nonfossil form of energy generation shall be treated by the department of revenue as:

(a) property exempt from taxation, to the extent the ~~appraised~~ assessed value of the investment does not exceed

~~one hundred thousand dollars ($100,000);~~ or

(b) class seven property, as defined in ~~sections 84-301 and 84-302,~~ 84-301,8 for such portion of the ~~appraised~~ assessed value of the investment that exceeds ~~one hundred thousand dollars ($100,000)~~.

(2) Upon application by a taxpayer, approved under ~~section~~ 84-7404, a capital investment in a building by the taxpayer for an energy conservation purpose shall be treated by the department of revenue as class eight property, as defined in ~~sections 84-301 and 84-302~~ 84-301,9, to the extent the ~~appraised~~ assessed value of the investment does not exceed ~~twenty percent (20%)~~ of the ~~appraised~~ assessed value of the building in which the investment is made."

Section 64. Section 84-7513, R.C.M. 1947, is amended to read as follows:

"84-7513. Valuation of commercial land. After classification as commercial, land, whether occupied or not, ~~shall~~ may not change in value for tax purposes unless it meets or is governed by the following provisions:

(1) Class A — open undeveloped land. Open undeveloped land within the boundaries ~~set as~~ of designated commercial land which has value and is not designated for usage as a parking area or park, and developed as such within ~~two (2)~~ years from the effective date of this act, shall be subject to taxation in the following method (after





the ~~two (2)~~ year grace period):

1st year taxation — 1% over valuation existing at the beginning of the ~~said two (2)~~ years;

2nd year taxation — +2% over the previous year's valuation; 2772

3rd year taxation — +10% over the previous year's valuation; 2773

3-5 years taxation — +20% over the previous year's valuation; 2774

over ~~five (5)~~ years — +30% over the previous year's valuation.

(2) Class B — existing improved land. All land in a commercial class shall remain in the same taxable base until expanded or remodeled. No expansion or remodeling ~~shall~~ may occur without approval of the governing body. Upon remodeling or improving, it shall receive a reduction in valuation in the amount of its valuation change which shall apply as a reduction in valuation of the property for a period of ~~five (5)~~ years, commencing in the amount of the cost of remodeling or improving in the first year and reducing in an amount of ~~twenty percent (20%)~~ per year for each remaining year thereafter.

(3) Class C — existing improved land. Existing structures and buildings shall be frozen in their existing tax base for a period of ~~ten (10)~~ years, unless remodeled, where section 12(1)(a) shall apply. If not remodeled after ~~ten (10)~~ years, the following shall apply:

| Age of structure in years | Tax increase according to the years since remodeled last |
|---|---|

| | 1–5 years | 5–10 years | 10–15 years | 15 years and over |
|---|---|---|---|---|
| 10–12 | 1% | 2% | 4% | 5% |
| 12–15 | 2% | 4% | 6% | 8% |
| 15–20 | 4% | 8% | 12% | 16% |
| 21–25 | 10% | 12% | 16% | 18% |
| 26–30 | 15% | 18% | 20% | 24% |
| 31–40 | 25% | 28% | 30% | 35% |
| 40–50 | 40% | 45% | 50% | 60% |
| 50–Over | 50% | 60% | 75% | 100% |

(4) Class D — new improved land.

(a) The construction cost and land cost of any commercial development within a classified commercial or residential area ~~shall~~ may not be taxed for its construction period.

(b) Following the nontaxable period the total cost of land and improvements developed as new commercial property shall be taxed as follows:

| Commercial land location | Taxable schedule |
|---|---|
| (i) Land within and extending ~~nine-hundred (900)~~ feet beyond that area designated by the governing authority as the central business district of a community. | Improvements shall be taxed in additional increments as follows: ~~A ten-percent (10%)~~ increase in ~~valuation~~ assessed value per year until a total value for tax purposes is ~~one-hundred-percent (100%)~~ of assessed value. |
| (ii) Land from that designation under subsection (4) (b) (i) to the corporate boundary or city limits. | Improvements shall be taxed in additional increments as follows: A ~~thirty-three-and one-third-percent (33 1/3%)~~ increase in ~~valuation~~ assessed value per year until a total value for tax purposes is ~~one-hundred percent (100%)~~ of assessed value. |
| (iii) Land lying from the corporate boundary to the ~~four-and-one-half (4-1/2)~~ 4 1/2-mile limit. | An increase in taxes over the normally assessed value of ~~ten percent (10%)~~ per year for a period of ~~ten~~ 10 years unless given a waiver by the governing authority. |
| (iv) Land lying beyond the ~~four-and-one-half (4-1/2)~~ 4 1/2-mile limit. | An increase in taxes over the normally assessed value of ~~twenty-five-percent (25%)~~ per year for ~~fifteen (15)~~ |

years unless given a waiver by the governing authority."

Section 65. Section 89-3403, R.C.M. 1947, is amended to read as follows:

"89-3403. Definitions. As used in this act, unless the context clearly indicates otherwise:

(1) "~~District~~ district" means a conservancy district, which is a public corporation and a political subdivision of the state;

(2) "~~Directors~~ directors" means the board of directors of a conservancy district;

(3) "~~Elector~~ elector" means a person qualified to vote under ~~section~~ 89-3423;

(4) "~~Court~~ court" means the district court of the judiclal district in which the largest portion of the taxable valuation of real property of the proposed district is located and within the county in which the largest portion of the taxable valuation of real property of the proposed district is located within the judicial district;

(5) "~~Person~~ person" means a natural person; firm; partnership; ~~co-operative~~ cooperative; association; public or private corporation, including the state of Montana or the United States; foundation; state agency or institution; county; municipality; district or other political





subdivision of the state; federal agency or bureau; or any other legal entity;

(6) "~~Department~~ department" means the department of natural resources and conservation provided for in Title 82A, chapter 15;

(7) "~~Board~~ board of supervisors" means the board of supervisors of the soil and water conservation district in which the largest portion of the taxable valuation of real property of the proposed district is located;

(8) "~~Works~~ works" means all property, rights, easements, franchises, and other facilities including, but not limited to, land, reservoirs, dams, canals, dikes, ditches, pumping units, mains, pipelines, waterworks systems, recreational facilities, facilities for fish and wildlife, and facilities to control and correct pollution;

(9) "~~Cost~~ cost of works" means the cost of construction, acquisition, improvement, extension, and development of works, including financing charges, interest, and professional services;

(10) "~~Applicants~~ applicants" means any person residing within the boundaries of the proposed district making a request for a study of the feasibility of forming a conservancy district;

(11) "~~Notice~~ notice" means publication at least once each week for ~~three (3)~~ consecutive weeks in a newspaper

published in each county, or, if no newspaper is published in a county, a newspaper of general circulation in the county, or counties, in which a district is or will be located. The last published notice shall appear not less than ~~five (5)~~ days prior to any hearing or election held under this act;

(12) "~~Owners~~ owners" are the person or persons who appear as owners of record of the legal title to real property according to the county records whether such title is held beneficially or in a fiduciary capacity, except that a person holding a title for purposes of security is not an owner nor ~~shall~~ may he affect the previous title for purposes of this act;

(13) "~~Taxable~~ taxable valuation" ~~shall mean~~ is the ~~valuation determined according to section 84-302, R. C. M., 1947,~~ value as defined in 84-401 and does not mean assessed valuation."

Section 66. Repealer. Sections 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, and 84-308, R.C.M. 1947, are repealed.

-End-